大喜屋飲食集團
Daikiya Catering Group

Daikiya Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6813

SHARE OFFER

Sole Sponsor

Alliance Capital Partners Limited
同人融資有限公司

Sole Global Coordinator

Alliance Capital Partners Limited
同人融資有限公司

Joint Bookrunners

Alliance Capital Partners Limited 同人融資有限公司

軟庫中華 SBI China Capital

民銀證券 CMBC SECURITIES COMPANY LIMITED

華盛証券

浦銀國際 SPDB INTERNATIONAL

中泰國際 ZHONGTAI INTERNATIONAL

IMPORTANT

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

大喜屋飲食集團
Daikiya Catering Group

Daikiya Group Holdings Limited
大喜屋集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	**:**	**100,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**10,000,000 Shares (subject to reallocation)**
Number of International Placing Shares	**:**	**90,000,000 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**not more than HK$2.00 per Offer Share and not less than HK$1.60 per Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**HK$0.01 per Share**
Stock Code	**:**	**6813**

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浦銀國際 SPDB INTERNATIONAL
中泰國際 ZHONGTAI INTERNATIONAL

Joint Lead Managers

財通國際證券有限公司 CAITONG INTERNATIONAL SECURITIES COMPANY LIMITED
中投证券(香港) CHINA INVESTMENT SECURITIES (HK)
富昌證券 FULBRIGHT SECURITIES
馬有成投資有限公司 Excellent Success Investments Limited
JINGHUI CAPITAL 景匯資本
脈搏 Pulsar 資本 Capital

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

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date, which is expected to be on or around Thursday, 6 February 2020 or such later date as may be agreed between the parties, but in any event no later than Friday, 7 February 2020. The Offer Price will not be more than HK$2.00 per Offer Share and is expected to be not less than HK$1.60 per Offer Share. Investors applying for the Hong Kong Offer Shares must pay the maximum Offer Price of HK$2.00 per Offer Share, together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price shall be lower than HK$2.00 per Offer Share. The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares and/or the indicative Offer Price Range stated above in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, notices of the reduction of the number of Offer Shares and/or the indicative Offer Price Range will be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.daikiya.hk** as soon as practicable following the decision to make such a reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. If applications for the Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offer, such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price Range is so reduced. If, for whatever reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us are unable to agree on the Offer Price by Friday, 7 February 2020, the Share Offer will not proceed and will lapse.

Prospective investors of the Offer Shares should note that the Hong Kong Underwriters are entitled to terminate its obligations under the Hong Kong Underwriting Agreement by notice in writing to us given by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters), upon occurrence of any of the events set out in the section headed "Underwriting — Underwriting Arrangements and Expenses" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

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

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law of the United States and may not be offered or sold, pledged or transferred within the United States except that the Offer Shares may be offered, sold or delivered outside the United States in reliance on Regulation S under the U.S. Securities Act.

24 January 2020

*If there is any change to the following expected timetable, we will publish an announcement on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.daikiya.hk**.*

2020 (Note 1)

Hong Kong Public Offer commences and **WHITE** and **YELLOW** Application Forms available from . . . . 9:00 a.m. on Friday, 24 January

Latest time for completing electronic applications under **HK eIPO White Form** service through one of the below ways (Note 2):

(1) the designated website **www.hkeipo.hk**

(2) the IPO App, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp** . . . . 11:30 a.m. on Tuesday, 4 February

Application lists of Hong Kong Public Offer open (Note 3) . . . . 11:45 a.m. on Tuesday, 4 February

Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC (Note 4) . . . . 12:00 noon on Tuesday, 4 February

Latest time to complete payment of **HK eIPO White Form** Applications by effecting internet banking transfers or PPS payment transfer(s) . . . . 12:00 noon on Tuesday, 4 February

Application lists of Hong Kong Public Offer close (Note 2) . . . . 12:00 noon on Tuesday, 4 February

Expected Price Determination Date (Note 5) . . . . Thursday, 6 February

Announcement of

- the Offer Price;
- the level of applications in the Hong Kong Public Offer;
- the level of indications of interest in the International Offering; and
- the basis of allotment of the Hong Kong Offer Shares to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.daikiya.hk** on or before . . . . . . Thursday, 13 February

2020 *(Note 1)*

Results of allocations in the Hong Kong Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.daikiya.hk** (see "How to Apply for Hong Kong Offer Shares — 11. Publication of results" in this prospectus) from . . . . Thursday, 13 February

Results of allocations in the Hong Kong Public Offer will be available at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/iporesult** or **IPO App**, with a "search by ID" function. . . . . Thursday, 13 February

Despatch/collection of Share certificates or deposit of the Share certificates into CCASS on or before *(Note 6)* . . . . Thursday, 13 February

Despatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques (if applicable) on or before *(Note 6)* . . . . Thursday, 13 February

Dealings in the Shares on the Main Board to commence on . . . . 9:00 a.m. on Friday, 14 February

Notes:

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

(2) You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** or **IPO App** 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.

(3) If there is a "black" rainstorm warning, "extreme conditions" caused by super typhoons 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, 4 February 2020, the application lists will not open or close on that day. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — 6. Applying by Giving **Electronic Application Instructions** to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or around Thursday, 6 February 2020 and, in any event, not later than Friday, 7 February 2020. 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, 7 February 2020, the Share Offer will not proceed and will lapse.

(6) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly successful applications if the final Offer Price is less than the Offer Price payable on application and wholly or partially unsuccessful applications. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. Applicants who apply on **WHITE** Application Forms for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by their Application Form, may collect their Share certificates and/or refund cheques (where applicable) in person from the Hong Kong Branch Share Registrar between 9:00 a.m. and 1:00 p.m. on Thursday, 13 February 2020 or on the date notified by our Company as the date of dispatch of Share certificates and refund cheques. Applicants being individuals who is eligible for collection in person must not authorise any other person to make their collection on their behalf. Applicants being corporations that is eligible for collection in person must attend by their authorised representatives bearing letters of authorization from their corporations stamped with the corporation's chop. Both individuals and authorised representatives, as the case may be, must produce at the time of collection evidence of identity acceptable to the Hong Kong Branch Share Registrar. If an applicant is eligible for collection in person but does not collect the Share certificate and/or refund cheque (where applicable) by 1:00 p.m. on Thursday, 13 February 2020, the Share certificate and/or refund cheque (where applicable) will be sent to the address as it appeared on the relevant Application Form in the afternoon on the date of dispatch by ordinary post at the applicant's own risk.

Applicants who apply through the **HK eIPO White Form** service by paying the application monies through a single bank account, may have e-Auto Refund payment instructions (if any) dispatched to their application payment bank account. Applicants who apply through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts, may have refund cheque(s) sent to the address specified in their application instructions to the designated **HK eIPO White Form** Service Provider by ordinary post and at their own risk.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by their Application Form, may collect their refund cheques (where applicable) in person from the Hong Kong Branch Share Registrar between 9:00 a.m. and 1:00 p.m. on Thursday, 13 February 2020 or on the date notified by our Company as the date of dispatch of refund cheques. The procedure for collection of the refund cheque (where applicable) is the same as that for **WHITE** Application Form applicant. Share certificate for successful applicant using **YELLOW** Application Form will be deposited into CCASS for credit to the applicant's investor participant stock account or the stock account of the applicant's designated CCASS participant. Detailed arrangements are set out in the section headed "How to Apply for Hong Kong Offer Shares — 14. Despatch/collection of Share certificates and refund monies" in this prospectus.

For Applicants who apply for less than 1,000,000 Hong Kong Offer Shares, their Share certificate and/or refund cheque (where applicable) will be sent to the address as it appeared on the relevant Application Form in the afternoon on the date of dispatch by ordinary post at the applicant's own risk.

Our Company will not issue any temporary documents of title in respect of the Offer Shares. Share certificates will become valid certificates of title only if the Share Offer has become unconditional and the Underwriting Agreements have not been terminated in accordance with their respective terms, which is expected to be not later than 8:00 a.m. on Friday, 14 February 2020.

Prospective investors of the Offer Shares should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by notice in writing to us given by the Sole Global Coordinator (on behalf of the Underwriters) upon the occurrence of any of the events set out in the section headed "Underwriting — Underwriting Arrangements and Expenses" in this prospectus at any time prior to 8:00 a.m. on the day trading in our Shares commences on the Stock Exchange.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer 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 in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus and the Application Forms must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents or representatives or any other parties involved in the Share Offer.

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Page

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document 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 "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a Hong Kong based Japanese cuisine restaurant group focusing on Japanese all-you-can-eat (日式放題料理) cuisine and have cultivated a diverse local customer base in Hong Kong. We have adopted a multi-brand strategy with a view to offering mass market customers with different dining experience with a focus on our flagship brand of Daikiya (大喜屋) established by us in 2010. As at the Latest Practicable Date, we operated 15 restaurants in Hong Kong, comprising 13 Japanese all-you-can-eat restaurants and two Japanese a-la-carte restaurants. During the Track Record Period and up to the Latest Practicable Date, we opened eight new restaurants including six Japanese all-you-can-eat cuisine restaurants and two Japanese a-la-carte cuisine restaurants which expanded our geographic footprint in Hong Kong and diversified the type of cuisine offerings, and we closed down one all-you-can-eat restaurant in March 2019 due to the expiry of tenancy. We have operated two workshops in Hong Kong to support our restaurant operations and serve food pre-processing and storage functions. Our brand and reputation has primarily been built through word-of-mouth of satisfied customers and the support of returning customers. Through the years, we have successfully obtained various recognition and awards. For example, we have been awarded the OpenRice Best Japanese Restaurant (最優秀日本菜餐廳) from 2015 to 2018 and the Certificate of Popularity for the Year 2017 (2017年度人氣商戶) by Dian Ping (大眾點評) for recognition of our popularity and brand influence. Moreover, our Daikiya (大喜屋), Deluxe Daikiya (極尚大喜屋), Joy Daikiya (樂天大喜屋) and Tono Daikiya (殿大喜屋) brands have been awarded the recognition of "Quality Restaurant" (優質餐館) by the Hong Kong Tourism Board under the Quality Tourism Services (QTS) Scheme in both 2018 and 2019. The brands that we have established and developed are as follows:

According to the CIC Report, we ranked first in the Japanese all-you-can-eat cuisine restaurant market in Hong Kong in terms of revenue in 2018 with a market share of approximately 37.1%. See "Industry Overview" in this prospectus for details regarding the Japanese restaurant market in Hong Kong.

Our history can be traced back to 2010, when we introduced our first restaurant Daikiya Central in Central, Hong Kong, with the vision to promote Japanese all-you-can-eat dining experience to customers. Over the years, we have developed other brands such as Daieiki (大瀛喜), Daimanki (大滿喜), Kichi Ju (吉壽) and Rock Salt (岩鹽) with slightly different market focuses including family groups, the younger generation and white collar in Hong Kong. Riding on our brand reputation and success, in July 2017, we opened our first Japanese a-la-carte restaurant, Rock Salt CWB, under our new brand Rock Salt (岩鹽) in Lee Theatre Plaza, Causeway Bay.

OUR CUSTOMERS AND SUPPLIERS

Due to the nature of our business, our customers are mainly retail customers from the general public and we did not rely on any single customer.

During the Track Record Period, our five largest suppliers were mainly our food ingredients suppliers. For FY2017, FY2018, FY2019 and the four months ended 31 July 2019, our purchases from our largest supplier accounted for 12.0%, 7.6%, 7.1% and 7.4%, respectively, of our total purchases and our purchases from our five largest suppliers in aggregate accounted for 34.8%, 31.0%, 29.6% and 28.5%, respectively, of our total purchases during the respective periods.

COMPETITIVE STRENGTHS

Our Directors believe that our success is attributable to our competitive strengths: (i) we pride ourselves in our iconic Japanese all-you-can-eat cuisine restaurant brands; (ii) we have a leading market position in Hong Kong which equips us to be well-positioned for continued growth; (iii) we are committed to food quality and offer new and seasonal products; and (iv) we have a visionary, dedicated and experienced management team and a team of experienced chefs.

BUSINESS STRATEGIES

To maintain our competitiveness in the food and beverage industry and to fuel our business growth, our Directors intend to: (i) expand our restaurant network in Hong Kong; (ii) establish a central kitchen to support our expansion; and (iii) uplift of our existing restaurants.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalisation Issue and the Share Offer and assuming that the Over-allotment Option is not exercised, Mr. Lam, through Satisfied Bliss (a BVI company which is wholly-owned by Mr. Lam) will be interested in a total of 55.5% of the issued share capital of our Company. Hence, Mr. Lam and Satisfied Bliss will be our Controlling Shareholders upon Listing.

SUMMARY OF HISTORICAL COMBINED FINANCIAL INFORMATION

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

Combined Statements of Comprehensive Income

	FY2017	**FY2018**	**FY2019**	**For the four months ended 31 July 2018**	**For the four months ended 31 July 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue	555,160	713,184	839,021	288,853	263,423
Other income	1,096	1,688	1,709	622	673
Cost of food and beverages	(275,247)	(336,039)	(372,564)	(128,266)	(117,663)
Employee benefits expenses	(105,257)	(135,509)	(140,071)	(45,349)	(51,679)
Labour service charges	—	(10,595)	(54,463)	(18,492)	(16,589)
Share-based payment expenses	(4,942)	(35,893)	—	—	—
Depreciation	(62,590)	(82,878)	(89,958)	(30,142)	(32,296)
Utility expenses	(10,798)	(14,255)	(16,897)	(5,975)	(5,703)
Other operating expenses	(34,502)	(42,612)	(43,176)	(14,183)	(16,079)
Listing expenses	—	(450)	(6,506)	(538)	(5,562)
	62,920	56,641	117,095	46,530	18,525
Finance cost, net	(5,001)	(5,373)	(4,714)	(1,519)	(2,161)
Profit before taxation	57,919	51,268	112,381	45,011	16,364
Income tax expense	(10,849)	(14,007)	(20,173)	(7,516)	(3,682)
Profit and total comprehensive income for the year/period, net of tax	47,070	37,261	92,208	37,495	12,682

Our profit for the year decreased by 20.8% from HK$47.1 million for FY2017 to HK$37.3 million for FY2018. Such decrease was mainly the result of the increase in share-based payment expenses from approximately HK$4.9 million for FY2017 to HK$35.9 million for FY2018 arising from the shares granted to selected employees and non-employees including certain business partners.

Our profit for the year increased by 147.2% from HK$37.3 million for FY2018 to HK$92.2 million for FY2019. Such increase was mainly a result of (i) an increase in our overall revenue attributable to the expansion of our restaurant network; and (ii) no share-based payment expenses incurred in FY2019 as compared to FY2018.

Our profit for the period decreased by 66.1% from HK$37.5 million for the four months ended 31 July 2018 to HK$12.7 million for four months ended 31 July 2019. Such decrease was mainly a result of (i) a general decrease in revenue since June 2019 due to the social unrest in Hong Kong; (ii) increase in staff costs and other operating expenses for opening of new restaurant and preparation of Listing; and (iii) increase in the listing expenses incurred during such period.

Non-HKFRS measure — adjusted net profit *(Notes 1, 2, 3)*

	FY2017 *HK$'000*	FY2018 *HK$'000*	FY2019 *HK$'000*	For the four months ended 31 July 2018 *HK$'000* *(unaudited)*	For the four months ended 31 July 2019 *HK$'000*
Profit and total comprehensive income for the year/period, net of tax	47,070	37,261	92,208	37,495	12,682
Adjustment:					
Share-based payment expenses	4,942	35,893	—	—	—
Listing expenses	—	450	6,506	538	5,562
Adjusted net profit for the year/period	52,012	73,604	98,714	38,033	18,244

Notes:

1. We present the unaudited non-HKFRS measure to supplement our combined statements of comprehensive income for FY2017, FY2018 and FY2019 and the four months ended 31 July 2019 that were prepared in accordance with HKFRS to provide additional information about our operating performance. Our Directors believe that the non-HKFRS measure will help our management and investors to assess our financial performance and financial condition as: (i) it is the non-HKFRS measure which is used by the management to evaluate our financial performance by eliminating the impact of non-recurring items which are considered not indicative for evaluating the actual performance of our business; and (ii) during the Track Record Period, we recorded certain significant one-off expenses, such as the listing expenses relating to the preparation of the Listing of our Company and the share-based payment expenses. The listing expenses and the share-based payment expenses are non-recurring in nature.

2. The unaudited non-HKFRS measure is not a recognised term under HKFRS. It does not have a standardised meaning prescribed by HKFRS and therefore may not be comparable to similarly titled measure presented by other publicly traded companies, and it should not be construed as an alternative to other financial measures determined in accordance with HKFRS. Our definition of adjusted net profit should not be considered in isolation or construed as an alternative to profit for the year indicated or as an indicator of operating performance or any other standard measure under HKFRS.

3. The use of the non-HKFRS measures has certain limitations. The non-HKFRS measures should be read in conjunction with our HKFRS measures. For more details about such limitations, the definitions of our non-HKFRS measures as well as reconciliation of such non-HKFRS measures to their respective most directly comparable financial measures, see "Financial Information — Results of Operations — Non-HKFRS measures" in this prospectus.

During the Track Record Period, we generated all of our revenue from restaurant operations. For FY2017, FY2018 and FY2019, our Group's total revenue were approximately HK$555.2 million, HK$713.2 million and HK$839.0 million, respectively, representing a CAGR of approximately 22.9%. Our increase in revenue was mainly attributable to the revenue contributed by our four new restaurants during FY2018, the impact of their full year operation in FY2019 and their organic growth during FY2019. Our profit for the year decreased by 20.6% from HK$47.1 million for FY2017 to HK$37.3 million for FY2018 and rebounded to HK$92.2 million for FY2019. Influenced by the social unrest Hong Kong since June 2019 which resulted in a general decrease in the number of our customer visits, our revenue decreased by 8.8% from HK$288.9 million for the four months ended 31 July 2018 to HK$263.4 million for the four months ended 31 July 2019. Taking into account the above non-HKFRS measure, the adjusted net profit for the year increased from HK$52.0 million to HK$73.6

million and further to HK$98.7 million in the respective years. Such increasing trend during FY2018 and FY2019 was in line with that of revenue. The adjusted net profit for the period decreased from HK$38.0 million for the four months ended 31 July 2018 to HK$18.2 million for the four months ended 31 July 2019 due to the aforementioned reasons.

Revenue

The following table sets forth the components of our revenue for the periods indicated:

	FY2017			FY2018			FY2019			For the four months ended 31 July 2018			For the four months ended 31 July 2019		
	Number of restaurants	*HK$'000*	*%*	*Number of restaurants*	*HK$'000*	*%*	*Number of restaurants*	*HK$'000*	*%*	*Number of restaurants*	*HK$'000 (unaudited)*	*%*	*Number of restaurants*	*HK$'000*	*%*
All-you-can-eat	10	555,160	100.0	13	696,516	97.7	12	811,732	96.7	13	280,222	97.0	13	254,091	96.5
A-la-carte	—	—	—	1	16,668	2.3	1	27,289	3.3	1	8,631	3.0	1	9,332	3.5
Total revenue	10	555,160	100.0	14	713,184	100.0	13	839,021	100.0	14	288,853	100	14	263,423	100

The following table sets forth the breakdown of our revenue by each restaurant during the Track Record Period:

Restaurant	Month of commencement of operation of restaurants	FY2017 Revenue *(HK$'000)*	FY2017 % of total revenue *(%)*	FY2018 Revenue *(HK$'000)*	FY2018 % of total revenue *(%)*	FY2019 Revenue *(HK$'000)*	FY2019 % of total revenue *(%)*	For the four months ended 31 July 2018 Revenue *(HK$'000) (unaudited)*	For the four months ended 31 July 2018 % of total revenue *(%)*	For the four months ended 31 July 2019 Revenue *(HK$'000)*	For the four months ended 31 July 2019 % of total revenue *(%)*
(i) All-you-can-eat											
Daikiya TST	April 2011	53,266	9.6	56,918	8.0	58,768	7.0	19,595	6.8	17,980	6.8
Daikiya CWB *(Note)*	June 2013	34,227	6.1	31,325	4.3	26,793	3.1	9,919	3.4	—	—
Deluxe Daikiya TST	April 2014	68,011	12.3	63,201	8.9	64,504	7.7	21,874	7.6	18,743	7.1
Joy Daikiya	December 2014	80,302	14.5	75,450	10.6	80,539	9.6	27,791	9.6	25,665	9.7
Tono Daikiya	October 2015	71,315	12.8	76,190	10.7	81,556	9.7	26,780	9.3	23,860	9.1
Deluxe Daikiya CWB	August 2017	—	—	34,710	4.9	53,946	6.4	17,922	6.2	19,190	7.3
Kichi Jyu	April 2016	47,130	8.5	55,497	7.8	55,172	6.6	19,327	6.7	15,611	5.9
Daimanki MK	December 2012	54,198	9.8	48,660	6.8	46,703	5.6	16,219	5.6	13,752	5.2
Daieiki MK	June 2014	62,377	11.2	66,455	9.3	59,794	7.1	21,888	7.6	16,486	6.4
Daimanki KT	November 2017	—	—	15,932	2.2	39,283	4.7	14,180	4.9	12,306	4.7
Deluxe Daieiki CWB	September 2015	63,575	11.5	64,258	9.0	61,688	7.4	21,826	7.5	17,173	6.5
Deluxe Daieiki KT	December 2016	20,759	3.7	85,328	12.0	90,803	10.8	30,945	10.7	29,825	11.3
Deluxe Daieiki YL	December 2017	—	—	22,592	3.2	92,183	11.0	31,956	11.1	28,677	10.9
Daikiya ST	June 2019	—	—	—	—	—	—	—	—	14,823	5.6
Sub-total		555,160	100.0	696,516	97.7	811,732	96.7	280,222	97.0	254,091	96.5
(ii) A-la-carte											
Rock Salt CWB	July 2017	—	—	16,668	2.3	27,289	3.3	8,631	3.0	9,332	3.5
Total		555,160	100.0	713,184	100.0	839,021	100.0	288,853	100.0	263,423	100.0

Note: In March 2019, we closed down one all-you-can-eat restaurant (Daikiya CWB) located in The Goldmark, Causeway Bay because of the expiry of the tenancy.

Restaurant General Information and Operating Data

The table below sets out the operating data of our restaurants for each of the periods indicated:

Restaurant	Seating capacity (Note 1) (seats)	FY2017 Number of customer visits	FY2017 Number of operation days	FY2017 Revenue (HK$'000)	FY2017 Average spending per customer (Note 2) (approx.) (HK$)	FY2017 Average daily revenue (Note 3) (approx.) (HK$'000)	FY2017 Seat turnover rate (Note 4) (approx.) (times)	FY2017 Operating Profit Margin (Note 5) (approx.) (%)	FY2018 Number of customer visits	FY2018 Number of operation days	FY2018 Revenue (HK$'000)	FY2018 Average spending per customer (Note 2) (approx.) (HK$)	FY2018 Average daily revenue (Note 3) (approx.) (HK$'000)	FY2018 Seat turnover rate (Note 4) (approx.) (times)	FY2018 Operating Profit Margin (Note 5) (approx.) (%)	FY2019 Number of customer visits	FY2019 Number of operation days	FY2019 Revenue (HK$'000)	FY2019 Average spending per customer (Note 2) (approx.) (HK$)	FY2019 Average daily revenue (Note 3) (HK$'000) (approx.)	FY2019 Seat turnover rate (Note 4) (approx.) (times)	FY2019 Operating Profit Margin (Note 5) (approx.) (%)
(i) *All-you-can-eat*																						
Daikiya TST *(Note 6)*	199	204,951	340	53,266	259.9	156.7	3.0	6.5	226,776	363	56,918	251.0	156.8	3.1	17.2	239,304	354	58,768	245.6	166.0	3.4	22.9
Daikiya CWB *(Note 7)*	150	142,561	365	34,227	240.1	93.8	2.6	2.8	138,962	363	31,325	225.4	86.3	2.6	14.4	124,033	336	26,793	216.0	79.7	2.5	12.3
Deluxe Daikiya TST	280	232,585	365	68,011	292.4	186.3	2.3	18.7	213,615	363	63,201	295.9	174.1	2.1	18.6	236,069	349	64,504	273.2	184.8	2.4	22.5
Joy Daikiya	350	313,932	363	80,302	255.8	221.2	2.5	14.3	294,002	359	75,450	256.6	210.2	2.3	13.7	314,027	347	80,539	256.5	232.1	2.6	21.3
Tono Daikiya	345	222,120	358	71,315	321.1	199.2	1.8	11.2	243,395	362	76,190	313.0	210.5	1.9	14.7	272,891	361	81,556	298.9	225.9	2.2	18.8
Deluxe Daikiya CWB *(Notes 12 and 14)*	340	—	—	—	—	—	—	—	124,742	224	34,710	278.2	154.9	1.6	0.6	242,277	364	53,946	222.7	148.2	2.0	13.3
Kichi Jyu *(Note 8)*	330	207,806	343	47,130	226.8	137.4	1.8	9.6	241,168	363	55,497	230.1	152.9	2.0	16.6	237,274	364	55,172	232.5	151.6	2.0	18.2
Daimanki MK *(Note 9)*	300	242,807	365	54,198	223.2	148.5	2.2	17.6	208,306	362	48,660	233.6	134.4	1.9	16.1	204,533	363	46,703	228.3	128.7	1.9	13.8
Daieiki MK *(Note 10)*	330	277,163	359	62,377	225.1	173.8	2.3	19.1	287,143	356	66,455	231.4	186.7	2.4	22.7	258,038	354	59,794	231.7	168.9	2.2	19.2
Daimanki KT *(Notes 11 and 12)*	220	—	—	—	—	—	—	—	78,924	215	15,932	201.9	74.1	1.7	8.1	190,023	363	39,283	206.7	108.2	2.4	8.7
Deluxe Daieiki CWB	200	275,828	364	63,575	230.5	174.7	3.8	18.2	277,426	363	64,258	231.6	177.0	3.8	21.3	271,127	363	61,688	227.5	169.9	3.7	18.3
Deluxe Daieiki KT	284	100,667	118	20,759	206.2	175.9	3.0	15.2	388,162	355	85,328	219.8	240.4	3.9	22.0	407,918	357	90,803	222.6	254.4	4.0	23.7
Deluxe Daieiki YL *(Note 12)*	300	—	—	—	—	—	—	—	92,834	92	22,592	243.4	245.6	3.4	4.6	368,475	362	92,183	250.2	254.6	3.4	18.7
Daikiya ST *(Note 13)*	340	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(ii) *A-la-carte*																						
Rock Salt CWB *(Note 12)*	179	—	—	—	—	—	—	—	80,492	258	16,668	207.1	64.6	1.7	3.6	133,416	364	27,289	204.5	75.0	2.0	21.8
Rock Salt MK *(Note 16)*	117	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	4,264	2,220,420		555,160	250.0			13.3	2,895,947		713,184	246.3			14.5	3,499,405		839,021	239.8			16.1

Restaurant	Seating capacity	For the four months ended 31 July 2018							For the four months ended 31 July 2019						
		Number of customer visits	Number of operation days	Revenue	Average spending per customer	Average daily revenue	Seat turnover rate	Operating Profit Margin	Number of customer visits	Number of operation days	Revenue	Average spending per customer	Average daily revenue	Seat turnover rate	Operating Profit Margin
	(Note 1)				*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*				*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*
					(approx.)	*(approx.)*	*(approx.)*	*(approx.)*				*(approx.)*	*(approx.)*	*(approx.)*	*(approx.)*
	(seats)			*(HK$'000)* *(unaudited)*	*(HK$)*	*(HK$'000)*	*(times)*	*(%)*			*(HK$'000)*	*(HK$)*	*(HK$'000)*	*(times)*	*(%)*
(i) ***All-you-can-eat***															
Daikiya TST *(Note 6)*	199	79,962	117	19,595	245.1	167.5	3.4	21.8	73,862	122	17,980	243.4	147.4	3.0	18.3
Daikiya CWB *(Note 7)*	150	46,394	122	9,919	213.8	81.3	2.5	14.5	—	—	—	—	—	—	—
Deluxe Daikiya TST	280	79,595	117	21,874	274.8	187.0	2.4	23.1	70,232	122	18,743	266.9	153.6	2.1	14.2
Joy Daikiya	350	105,904	118	27,791	262.4	235.5	2.6	21.7	102,602	122	25,665	250.1	210.4	2.4	16.1
Tono Daikiya	345	89,773	121	26,780	298.3	221.3	2.2	18.6	81,187	122	23,860	293.9	195.6	1.9	13.7
Deluxe Daikiya CWB *(Notes 12 and 14)*	340	79,304	122	17,922	226.0	146.9	1.9	11.4	86,257	122	19,190	222.5	157.3	2.1	14.5
Kichi Jyu *(Note 8)*	330	83,216	122	19,327	232.3	158.4	2.1	17.2	68,291	122	15,611	228.6	128.0	1.7	7.6
Daimanki MK *(Note 9)*	300	70,541	122	16,219	229.9	132.9	1.9	15.0	59,991	122	13,752	229.2	112.7	1.6	5.1
Daieiki MK *(Note 10)*	330	94,446	119	21,888	231.8	183.9	2.4	21.1	75,735	122	16,486	217.7	135.1	1.9	11.0
Daimanki KT *(Notes 11 and 12)*	220	68,223	122	14,180	207.8	116.2	2.5	13.6	60,175	122	12,306	204.5	100.9	2.2	3.1
Deluxe Daieiki CWB *(Note 15)*	200	94,318	122	21,826	231.4	178.9	3.9	19.8	76,587	122	17,173	224.2	140.8	3.1	9.3
Deluxe Daieiki KT	284	140,907	118	30,945	219.6	262.2	4.2	24.4	133,416	122	29,825	223.5	244.5	3.9	20.8
Deluxe Daieiki YL *(Note 12)*	300	128,386	122	31,956	248.9	261.9	3.5	20.2	113,756	121	28,677	252.1	237.0	3.1	16.9
Daikiya ST *(Note 13)*	340	—	—	—	—	—	—	—	61,007	56	14,823	243.0	264.7	3.2	(0.5)
(ii) ***A-la-carte***															
Rock Salt CWB *(Note 12)*	179	42,530	122	8,631	202.9	70.7	1.9	21.1	43,822	122	9,332	213.0	76.5	2.0	21.1
Rock Salt MK *(Note 16)*	117	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	4,264	1,203,499		288,853	238.0			17.7	1,106,920		263,423	240.0			10.1

Notes:

1. Seating capacities are estimated in accordance with section 2 of the Code of Practice. Due to our business requirements, the number of seats may deviate from the estimated seating capacity.
2. Average spending per customer is calculated by dividing the total revenue of the relevant restaurant(s) by the number of customer visits.
3. Average daily revenue is calculated by dividing the total revenue of the relevant restaurant(s) by the number of operation days.
4. Seat turnover rate is calculated by dividing the number of customer visits by the outcome of multiplying the seating capacity of the relevant comparable restaurants by the number of operating days during the period.
5. Operating Profit Margin is calculated by dividing the Operating Profit by the revenue of that year. Operating Profit is calculated by deducting cost of food and beverages, employee benefit expenses, labour service charges, utilities, other operating expenses and Leased Properties Expenses from the revenue.
6. The Operating Profit Margin of Daikiya TST increased from approximately 6.5% for FY2017 to approximately 17.2% for FY2018, mainly due to the enhanced reviews conducted by our management team on the performance of the restaurant and cost savings carried out during FY2018. Its Operating Profit Margin further improved during FY2019.
7. The Operating Profit Margin of Daikiya CWB increased from approximately 2.8% for FY2017 to approximately 14.4% for FY2018, mainly due to the enhanced reviews conducted by our management team on the performance of the restaurant and cost savings carried out. In FY2019, its Operating Profit Margin remained relatively stable as that of FY2018. The revenue decreased by approximately 14.4% to approximately HK$26.8 million for FY2019 from approximately HK$31.3 million for FY2018. The decrease in revenue was mainly due to the building in which Daikiya CWB used to operate was relatively aged and unattractive to customers. In March 2019, we ceased our operation of Daikiya CWB located in The Goldmark, Causeway Bay because of the expiry of the tenancy.
8. The revenue of Kichi Jyu increased by approximately 17.8% to approximately HK$55.5 million for FY2018 from approximately HK$47.1 million for FY2017. Such increase was mainly due to the impact of the full year operation of the restaurant in FY2018 and its increased customer visits. Its Operating Profit Margin increased from approximately 9.6% for FY2017 to approximately 16.6% for FY2018, mainly due to the enhanced reviews conducted by our management team on the performance of the restaurant and cost savings carried out. Its Operating Profit Margin then decreased from approximately 17.2% for the four months ended 31 July 2018 to approximately 7.6% for the four months ended 31 July 2019, mainly due to the decrease of approximately 17.9% in the number of customer visits during the period as a result of the adverse impact of the social unrest since June 2019.
9. The revenue of Daimanki MK decreased by approximately 10.1% to approximately HK$48.7 million for FY2018 from approximately HK$54.2 million for FY2017, mainly due to a slight decrease in the number of customer visits during FY2018 as a result of renovation of the building in which Daimanki MK was located. Its Operating Profit Margin decreased from approximately 15.0% for the four months ended 31 July 2018 to approximately 5.1% for the four months ended 31 July 2019, mainly due to the decrease of approximately 15.0% in the number of customer visits during the period as a result of the adverse impact of the social unrest since June 2019.
10. The revenue of Daieiki MK decreased by approximately 10.1% to approximately HK$59.8 million for FY2019 from approximately HK$66.5 million for FY2018. The decrease was mainly due to a slight decrease in the number of customer visits during FY2019 as a result of the performance of frequent maintenance and repair works to the main escalators of the building which in turn reduced the customer traffic. Its Operating Profit Margin decreased from approximately 21.1% for the four months ended 31 July 2018 to approximately 11.0% for the four months ended 31 July 2019, mainly due to the decrease of approximately 19.8% in the number of customer visits during the period as a result of the adverse impact of the social unrest since June 2019.
11. The relatively lower Operating Profit Margin of Daimanki KT for FY2018, FY2019 and the four months ended 31 July 2019 was mainly due to the relatively lower average spending per customer in the respective year/period. As compared to the four months ended 31 July 2018, its Operating Profit Margin further decreased from approximately 13.6% to approximately 3.1% for the four months ended 31 July 2019, primarily due to the decrease of approximately 11.8% in the number of customer visits during the period as a result of the adverse impact of the social unrest since June 2019.
12. For the four restaurants which commenced operations during FY2018, we have incurred pre-opening costs including two to three months upfront costs which resulted in the relatively lower Operating Profit Margin.
13. In June 2019, we commenced operation of one all-you-can-eat restaurant (Daikiya ST) located in Shatin Plaza, Shatin. Due to the significant upfront costs incurred and short operation period, Daikiya ST recorded operating loss for the four months ended 31 July 2019.
14. The average daily revenue of Deluxe Daikiya CWB decreased during FY2019 mainly due to the competitive pricing which we adopted during the year to attract more diners, as evidenced by the increase in the seat turnover rate whereas the average spending per customer decreased significantly for FY2019. The revenue of Deluxe Daikiya CWB increased by approximately 7.3% to approximately HK$19.2 million for the four months ended 31 July 2019 from approximately HK$17.9 million for the four months ended 31 July 2018. Such increase was mainly due to its increased customer visits as a result of the setup of additional buffet bar after the enhanced reviews conducted by our management team during the period.
15. The Operating Profit Margin of Deluxe Daieiki CWB decreased from approximately 19.8% for the four months ended 31 July 2018 to approximately 9.3% for the four months ended 31 July 2019, mainly due to the decrease of approximately 18.8% in the number of customer visits during the period as a result of the adverse impact of the social unrest since June 2019.
16. In December 2019, we opened our new Rock Salt MK restaurant located in MOKO, Mongkok.

Non-HKFRS measures — Operating Profit and Operating Profit Margin

We have presented the non-HKFRS financial measures, namely operating profit ("**Operating Profit**") and operating profit margin ("**Operating Profit Margin**") by restaurants in this prospectus. We have presented these non-HKFRS measures because our Directors consider these supplemental measures will be helpful for the investors and other interested parties to assess the profitability of our business operation. These financial measures are unaudited and are not the measures of performance under the HKFRS. Operating Profit and Operating Profit Margin of our Group presented in this prospectus are as follows:

- Operating Profit is calculated by deducting cost of food and beverages, employee benefits expenses, labour service charges, utility expenses, other operating expenses and "Leased Properties Expenses" (as defined below) from the revenue.
- Operating Profit Margin is calculated by dividing Operating Profit by the revenue of that year/period.

The breakdown of Leased Properties Expenses is set out in "Financial Information — Leased Properties Expenses" and includes (i) depreciation of right-of-use assets arising from leased properties (including our restaurants, workshops and office premises); (ii) the relevant interest expenses arising from lease liabilities; and (iii) other lease related expenses.

The following table sets forth our Operating Profit and Operating Profit Margin, as non-HKFRS measures, for the periods indicated.

	FY2017	FY2018	FY2019	For the four months ended 31 July 2018	For the four months ended 31 July 2019
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)* *(unaudited)*	*(HK$'000)*
Revenue	555,160	713,184	839,021	288,853	263,423
Cost of food and beverages	(275,247)	(336,039)	(372,564)	(128,266)	(117,663)
Employee benefits expenses	(105,257)	(135,509)	(140,071)	(45,349)	(51,679)
Labour service charges	—	(10,595)	(54,463)	(18,492)	(16,589)
Leased Properties Expenses	(58,121)	(75,578)	(83,862)	(27,924)	(31,739)
Utility expenses	(10,798)	(14,255)	(16,897)	(5,975)	(5,703)
Other operating expenses *(Note)*	(31,776)	(37,739)	(36,391)	(11,695)	(13,515)
Operating Profit	**73,961**	**103,469**	**134,773**	**51,152**	**26,535**
Operating Profit Margin	**13.3%**	**14.5%**	**16.1%**	**17.7%**	**10.1%**

Note: Excluded certain other operating expenses included in the calculation of Leased Properties Expenses.

The following table sets forth our Operating Profit and Operating Profit Margin by restaurant during the Track Record Period:

Restaurant	FY2017		FY2018		FY2019		For the four months ended 31 July 2018		For the four months ended 31 July 2019	
	Operating Profit	Operating Profit Margin	Operating Profit	Operating Profit Margin	Operating Profit	Operating Profit Margin	Operating Profit	Operating Profit Margin	Operating Profit	Operating Profit Margin
	(HK$'000)	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000)* *(unaudited)*	*(%)*	*(HK$'000)*	*(%)*
(i) *All-you-can-eat*										
Daikiya TST	3,444	6.5	9,766	17.2	13,432	22.9	4,274	21.8	3,297	18.3
Daikiya CWB	946	2.8	4,499	14.4	3,283	12.3	1,437	14.5	—	—
Deluxe Daikiya TST	12,744	18.7	11,743	18.6	14,485	22.5	5,042	23.1	2,653	14.2
Joy Daikiya	11,487	14.3	10,309	13.7	17,138	21.3	6,028	21.7	4,142	16.1
Tono Daikiya	7,964	11.2	11,210	14.7	15,334	18.8	4,993	18.6	3,281	13.7
Deluxe Daikiya CWB	—	—	200	0.6	7,164	13.3	2,049	11.4	2,786	14.5
Kichi Jyu	4,530	9.6	9,223	16.6	10,059	18.2	3,325	17.2	1,179	7.6
Daimanki MK	9,545	17.6	7,830	16.1	6,454	13.8	2,428	15.0	706	5.1
Daieiki MK	11,906	19.1	15,084	22.7	11,488	19.2	4,623	21.1	1,816	11.0
Daimanki KT	—	—	1,296	8.1	3,407	8.7	1,932	13.6	386	3.1
Deluxe Daieiki CWB	11,598	18.2	13,710	21.3	11,294	18.3	4,311	19.8	1,605	9.3
Deluxe Daieiki KT	3,155	15.2	18,771	22.0	21,563	23.7	7,537	24.4	6,216	20.8
Deluxe Daieiki YL	—	—	1,032	4.6	17,277	18.7	6,468	20.2	4,836	16.9
Daikiya ST	—	—	—	—	—	—	—	—	(67)	(0.5)
	77,319		114,673		152,378		54,447		32,836	
(ii) *A-la-carte*										
Rock Salt CWB	—	—	600	3.6	5,935	21.8	1,821	21.1	1,968	21.1
Sub-total	77,319		115,273		158,313		56,268		34,804	
Unallocated corporate expenses *(Note)*	(3,358)		(11,804)		(23,540)		(5,116)		(8,269)	
Operating Profit and Margin	**73,961**	**13.3**	**103,469**	**14.5**	**134,773**	**16.1**	**51,152**	**17.7**	**26,535**	**10.1**

Note: Unallocated corporate expenses represented expenses incurred at head office or workshop, including employee benefits expenses, labour service charges, utility expenses, other operating expenses and Leased Properties Expenses. Our unallocated corporate expenses increased by approximately 2.5 times from approximately HK$3.4 million for FY2017 to approximately HK$11.8 million for FY2018, mainly due to the increase in directors' emoluments by HK$6.1 million to support the expansion of our restaurant network. Unallocated corporate expenses further increased by approximately 99.2% to approximately HK$23.5 million for FY2019, due to the significant increase in the number of head office staff in various departments including accounting, finance, licence, procurement which were newly established to support our business expansion and also the increase in administration staff to support our preparation of Listing, and utility expenses of our workshop as well as other operating expenses incurred. Such head office staff costs increased by HK$10.8 million during FY2019 as we hired 25 new staff. Unallocated corporate expenses for the four months ended 31 July 2018 and 2019 were approximately HK$5.1 million and HK$8.3 million, respectively. Such increase was mainly due to increase in head office staff costs incurred during the period to support our preparation of Listing and business expansion.

Our Operating Profit increased by approximately HK$29.5 million or 39.9% from approximately HK$74.0 million for FY2017 to approximately HK$103.5 million for FY2018; and further increased by approximately HK$31.3 million or 30.2% to approximately HK$134.8 million for FY2019. Such increase was generally in line with our growth in revenue. During FY2018 and FY2019, the percentage increase in Operating Profit was higher than the percentage increase in revenue of approximately 28.5% and 17.6% in respective periods, which was primarily due to our cost control measures in cost of food and beverages and benefits from purchasing in bulk. This resulted in a decreasing cost of food and beverages as a percentage of revenue, at approximately 49.6%, 47.1% and 44.4% in FY2017, FY2018 and FY2019, respectively. During FY2019, the increase in Operating Profit was partially offset by the increased staff costs (including employee benefits expenses and labour service charges), owing to the additional service costs arising from the full year engagement of our Labour Service Provider and therefore staff costs as a percentage of revenue increased from approximately 20.5% for FY2018 to 23.2% for FY2019. The Operating Profit Margin of our Group of approximately 13.3%, 14.5% and 16.1% for FY2017, FY2018 and

FY2019, respectively, slightly increased for each period. Our Operating Profit for the four months ended 31 July 2018 and 2019 was approximately HK$51.2 million and HK$26.5 million, respectively. The decrease in our Operating Profit of approximately 48.2% exceeded the decrease in revenue of approximately 8.8%, which was mainly attributable to (i) the decrease in our revenue resulting from decreased customer visits; (ii) increased employee benefits expenses of approximately HK$6.3 million or 14.0% mainly due to increased staff costs in head office and upfront costs incurred for the opening of Daikiya ST during the period; and (iii) increased Leased Properties Expenses of approximately HK$3.8 million or 13.6% due to the opening of Daikiya ST and the increased rent of our certain restaurants' leases renewed after 31 July 2018. Hence, the Operating Profit Margin decreased from approximately 17.7% for the four months ended 31 July 2018 to approximately 10.1% for the four months ended 31 July 2019.

Selected combined statements of financial position

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	199,166	220,284	235,441	258,864
Current assets	114,886	113,803	129,759	109,996
Current liabilities	(116,814)	(221,555)	(154,200)	(179,720)
Net current liabilities	(1,928)	(107,752)	(24,441)	(69,724)
Net assets	98,950	13,299 *(Note)*	105,507	59,689

Note: The significant decrease in net assets as at 31 March 2018 and 31 July 2019 was mainly attributable to the dividend of HK$159.0 million and HK$60.0 million declared during FY2018 and the four months ended 31 July 2019, respectively.

We recorded net current liabilities of approximately HK$1.9 million, HK$107.8 million, HK$24.4 million and HK$69.7 million as at 31 March 2017, 2018 and 2019 and 31 July 2019, respectively, of which approximately HK$54.7 million, HK$64.7 million, HK$69.2 million and HK$72.0 million were current portion lease liabilities where the corresponding right-of-use assets were recognised as non-current assets. Such lease liabilities mainly arose from all our restaurants in Hong Kong as leased premises upon the early adoption of HKFRS 16 "Leases".

Our Directors consider that our Group has sufficient financial resources to meet its liquidity needs based on the following:

(i) Our Group considered that we could generate sufficient cash flows to cover the lease liabilities under normal circumstances. Excluding the current portion of lease liabilities which represents the net present value of its future rental that is only liable to be paid month by month in the coming one year from the balance sheet date for illustrative purpose, the financial position as at 31 March 2017, 2019 and 31 July 2019 were net current assets of approximately HK$52.8 million, HK$44.8 million and HK$2.3 million, respectively. While the financial position as at 31 March 2018 remained as net current liabilities of approximately HK$43.1 million, this was mainly due to the outstanding dividend of approximately HK$63.1 million. Such dividend payable was substantially settled during FY2019 and reduced to approximately HK$0.7 million as at 31 March 2019.

(ii) Our Group had recorded stable cash inflow from our operating activities of approximately HK$125.1 million, HK$160.9 million, HK$163.5 million and HK$45.4 million for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, respectively. We believe our Group is able to settle our liability and fulfil our capital needs primarily from the funds generated from our operating activities and internal resources.

Selected combined statements of cash flows

	FY2017	FY2018	FY2019	For the four months ended 31 July 2018	For the four months ended 31 July 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Net cash flows generated from operating activities	125,095	160,905	163,499	76,770	45,447
Net cash flows (used in)/generated from investing activities	(78,643)	(52,830)	(11,245)	(3,212)	1,979
Net cash flows used in financing activities	(40,046)	(117,670)	(136,262)	(22,609)	(58,083)
Net increase/(decrease) in cash and cash equivalents	6,406	(9,595)	15,992	50,949	(10,657)
Cash and cash equivalents at beginning of year/period	69,330	75,736	66,141	66,141	82,133
Cash and cash equivalents at end of year/period	75,736	66,141	82,133	117,090	71,476

Early adoption of HKFRS 16 "Leases"

During the Track Record Period, all of our restaurants, workshops and certain offices are leased properties. After due and careful consideration and taking into account of the significance of the operating leases to our Group amongst other things, we have elected to early apply HKFRS 16 consistently throughout the Track Record Period.

Following the early adoption of HKFRS 16, leases are recognised in the form of an asset (being the right-of-use assets) together with financial liabilities (being lease liabilities) and in respect of which depreciation expenses and finance costs are charged instead of rental expenses (under other operating expenses). The table below sets forth the summary of major impacts of the adoption of HKFRS 16 on our Group's (a) statements of financial position; (b) statements of comprehensive income; and (c) certain key financial ratios when compared to that of HKAS 17 "Leases".

(a) Impacts to combined statements of financial position

	Total assets				Total liabilities			
	As at 31 March			As at 31 July	As at 31 March			As at 31 July
	2017	2018	2019	2019	2017	2018	2019	2019
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
As if reported under HKAS 17 <A>	174,682	187,007	204,185	182,862	67,078	162,888	89,873	112,917
Currently reported under HKFRS 16 <B>	314,052	334,087	365,200	368,860	215,102	320,788	259,693	309,171
Difference (<B> – <A>)	139,370	147,080	161,015	185,998	148,024	157,900	169,820	196,254

	Right-of-use assets				Lease liabilities			
	As at 31 March			As at 31 July	As at 31 March			As at 31 July
	2017	2018	2019	2019	2017	2018	2019	2019
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
As if reported under HKAS 17 <A>	—	—	—	—	—	—	—	—
Currently reported under HKFRS 16 <B>	139,269	157,436	172,168	196,585	148,647	158,313	170,013	196,370
Difference (<B> – <A>)	139,269	157,436	172,168	196,585	148,647	158,313	170,013	196,370

	Total equity			
	As at 31 March			As at 31 July
	2017	2018	2019	2019
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
As if reported under HKAS 17 <A>	107,604	24,119	114,312	69,945
Currently reported under HKFRS 16 <B>	98,950	13,299	105,507	59,689
Difference (<B> – <A>)	(8,654)	(10,820)	(8,805)	(10,256)

(b) Impacts to combined statements of comprehensive income

	Net profit				Other operating expenses			
	FY2017	FY2018	FY2019	For the four months ended 31 July 2019	FY2017	FY2018	FY2019	For the four months ended 31 July 2019
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
As if reported under HKAS 17 <A>	48,367	39,427	90,193	14,133	87,607	110,333	121,673	43,231
Currently reported under HKFRS 16 <B>	47,070	37,261	92,208	12,682	34,502	42,612	43,176	16,079
Difference (<B> – <A>)	(1,297)	(2,166)	2,015	(1,451)	(53,105)	(67,721)	(78,497)	(27,152)

	Depreciation				Finance cost, net			
	FY2017	FY2018	FY2019	For the four months ended 31 July 2019	FY2017	FY2018	FY2019	For the four months ended 31 July 2019
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
As if reported under HKAS 17 <A>	12,757	18,253	18,390	5,582	50	100	127	35
Currently reported under HKFRS 16 <B>	62,590	82,878	89,958	32,296	5,001	5,373	4,714	2,161
Difference (<B> – <A>)	49,833	64,625	71,568	26,714	4,951	5,273	4,587	2,126

(c) Impacts to certain key financial ratios

	Net profit margin				Interest coverage ratio			
	FY2017	FY2018	FY2019	For the four months ended 31 July 2019	FY2017	FY2018	FY2019	For the four months ended 31 July 2019
	(%)	*(%)*	*(%)*	*(%)*	*(times)*	*(times)*	*(times)*	*(times)*
As if reported under HKAS 17	8.7	5.5	10.7	5.4	1,193.0	535.5	867.4	516.8
Currently reported under HKFRS 16	8.5	5.2	11.0	4.8	11.4	9.3	21.1	7.6

	Return on equity				Return on total assets			
	FY2017 (%)	FY2018 (%)	FY2019 (%)	For the four months ended 31 July 2019 (%)	FY2017 (%)	FY2018 (%)	FY2019 (%)	For the four months ended 31 July 2019 (%)
As if reported under HKAS 17	44.9	163.5	78.9	N/A	27.7	21.1	44.2	N/A
Currently reported under HKFRS 16	47.6	280.2	87.4	N/A	15.0	11.2	25.2	N/A

	Current ratio				Gearing ratio (Note)			
	As at 31 March			As at 31 July	As at 31 March			As at 31 July
	2017 (times)	2018 (times)	2019 (times)	2019 (times)	2017 %	2018 %	2019 %	2019 %
As if reported under HKAS 17	1.8	0.7	1.5	1.0	9.3	41.7	7.2	6.8
Currently reported under HKFRS 16	1.0	0.5	0.8	0.6	10.1	75.6	7.8	8.0

Notes: Gearing ratios as at 31 March 2017, 2018, 2019 and 31 July 2019 were calculated based on the total debt divided by total equity and multiplied by 100%. Total debts include borrowings and amounts due to related parties, which are payables incurred not in the ordinary course of business.

Key financial ratios

The following table sets out certain key financial ratios of our Group as at each of the dates indicated:

	As at/for the year ended 31 March			As at/for the period ended 31 July
	2017	2018	2019	2019
Net profit margin *(%)*	8.5	5.2	11.0	4.8
Return on equity *(%)*	47.6	280.2	87.4	N/A
Return on total assets *(%)*	15.0	11.2	25.2	N/A
Current ratio *(times)*	1.0	0.5	0.8	0.6
Gearing ratio *(%) (Note)*	10.1	75.6	7.8	8.0

Note: Gearing ratios were calculated based on the total debt divided by total equity and multiplied by 100%. Total debts include borrowings and amounts due to related parties, which are payables incurred not in the ordinary course of business.

For details, please refer to the section headed "Financial Information — Key Financial Ratios".

DIVIDENDS AND DIVIDEND POLICY

For FY2017, no dividend was declared and paid. For FY2018, dividends of approximately HK$159.0 million were declared, out of which HK$120.0 million was paid by cash and the remaining HK$39.0 million was offset by the current account with the then shareholders before the Reorganisation. As at 31 March 2019, the outstanding balance of dividend declared for FY2018 amounted to approximately HK$0.7 million, which will be funded by internal resources and is expected to be settled in cash upon Listing. On 31 May 2019, we declared dividend of HK$60.0 million, out of which HK$30.0 million was paid by cash in June 2019 and the remaining HK$30.0 million will be funded by internal resources and is expected to be settled in cash upon Listing. As at 31 July 2019, the total dividend payable was approximately HK$30.7 million.

We have adopted a general annual dividend policy of declaring and paying dividends on an annual basis of no less than 25% of our total profit for the year attributable to our Group for any particular fiscal year. Assuming the Listing occurs, FY2020 will be the first year for which our total profit for the year attributable to our Group will be used for purposes of declaring and paying dividends as set forth in the foregoing sentence. The declaration of dividends is subject to the discretion of our Directors, and if necessary, the approval of our Shareholders. For details, see "Financial Information — Dividends and Dividend Policy".

OFFERING STATISTICS

	Based on the minimum Offer Price of HK$1.60 per Offer Share	Based on the maximum Offer Price of HK$2.00 per Offer Share
Market capitalisation *(Note 1)*	HK$640,000,000	HK$800,000,000
Unaudited pro forma adjusted combined net tangible assets of our Group per Offer Share *(Note 2)*	HK$0.47	HK$0.55

Notes:

1. The calculation of our market capitalisation is based on 400,000,000 Shares which will be in issue immediately following completion of the Share Offer (assuming that the Over-allotment Option is not exercised), but takes no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate to issue Shares and general mandate to repurchase Shares as described in the section headed "Share Capital" in this prospectus.

2. The unaudited pro forma adjusted combined net tangible assets of our Group per Share has been prepared with reference to certain estimation and adjustment. Please refer to Appendix II to this prospectus for further details.

LISTING EXPENSES

Listing expenses represent underwriting commissions, professional fees and other fees incurred in connection with the Share Offer. Assuming the Over-allotment Option is not exercised and assuming the Offer Price of HK$1.80 per Offer Share, being the mid-point of the indicative Offer Price range stated in this prospectus, the Listing expenses, which are non-recurring in nature, are expected to be approximately HK$50.0 million. For the Listing expenses, (i) approximately HK$28.3 million is directly attributable to the issue of the Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately HK$0.5 million, HK$6.5 million and HK$5.6 million were recognised in our combined statements of comprehensive income for FY2018, FY2019 and the four months ended 31 July 2019, respectively; and (iii) approximately HK$9.1 million will be further recognised in our combined statements of comprehensive income for FY2020 upon the Listing of our Company and will have a material impact on our financial results for FY2020.

REASONS FOR THE LISTING

Our reasons for the Listing include: (i) to strengthen our competitiveness in the market through the Listing; (ii) to provide sufficient funds for the implementation of our expansion plans; (iii) to provide additional source to raise capital to expand our business; (iv) to enhance corporate governance; and (v) to attract and retain talents. See "Future Plans and Use of Proceeds — Reasons for the Listing" in this prospectus for details.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the net proceeds of the Share Offer which we will receive, assuming the Over-allotment Option is not exercised and an Offer Price of HK$1.80 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be HK$130.0 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Share Offer. We intend to use the net proceeds of the Share Offer for the following purposes:

- approximately 28.5% or HK$37.1 million, will be used for expanding our restaurant network in Hong Kong by opening a total of three Japanese all-you-can-eat restaurants;
- approximately 38.5% or HK$50.0 million, will be used for establishing a new central kitchen and cold storage facilities for our Group;
- approximately 23.0% or HK$29.9 million, will be used for refurbishing four of our existing restaurants in Hong Kong to reinforce and enhance our brand image; and
- approximately 10.0% or HK$13.0 million, will be used for general working capital of our Group.

For further details, see "Business — Business Strategies" and "Future Plans and Use of Proceeds" in this prospectus.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the date of this prospectus, we have the following recent developments:

The commencement of operation of our new restaurant

We opened one new restaurant serving Japanese a-la-carte cuisine in Mongkok under our Rock Salt brand in December 2019. We have leased premises located on level 3 of MOKO for Rock Salt MK. The lease term for the premises is a fixed lease term of five years and the new restaurant has an approximate licensed floor area of 260.42 sq. m.. We allotted and issued 10.0% shareholding in Sun Rich, being the Operating Company of this new a-la-carte Japanese restaurant, to Mr. Yip Chi Ping ("**Mr. Yip**"), who is an employee of our Group and an Independent Third Party, at the consideration of HK$1.0 million in July 2019. Such consideration was determined with reference to the total initial capital injection agreed and paid by all shareholders of Sun Rich, being a sum of HK$10.0 million in total. For details, see "History, Reorganisation and Group Structure — Corporate Structure immediately after Completion of the Reorganisation but before Completion of the Share Offer and the Capitalisation Issue" and "Business — Our Brand and Restaurant Portfolio — A-la-carte cuisine" in this prospectus.

Key performance indicators — Key performance indicators (including average daily sales per restaurant and average spending per customer of our restaurants) were lower for the period after the Track Record Period and up to the Latest Practicable Date.

Compared to FY2019, our Group's net profit for the year ending 31 March 2020 is expected to decline significantly mainly due to a combination of factors including (i) the closure of Daikiya CWB restaurant in March 2019; (ii) the upfront costs incurred for the opening of our new Daikiya ST restaurant since June 2019; (iii) the decrease in number of customer visits in relation to the social unrest since June 2019; and (iv) significant listing expenses to be incurred. In addition, some of our restaurants with a longer operating history would need renovation in order to enhance and maintain their competitiveness in the catering industry. The social unrest since June 2019 has driven away local shoppers, diners and tourists. A number of countries, including the U.K., the U.S., Australia and Canada, have issued travel advice in July and August 2019 and urged tourists to exercise increased caution when travelling to Hong Kong. Notwithstanding the foregoing, our Directors are of the view that the above factors are of a temporary nature and not an indication of a contraction in demand in general. According to CIC, the revenue of the Japanese all-you-can-eat restaurant market is expected to expand and reach approximately HK$2,977.4 million by 2023, representing a CAGR of approximately 6.4% between 2018 and 2023.

Based on our unaudited financial information, for the period from June to November 2019, our Group's monthly revenue decreased by 3% to 32% as compared to that of the corresponding periods in 2018, which our Directors believe was primarily due to the social unrest since June 2019. Our average monthly net profit decreased significantly for the period from June 2019 to November 2019, as a result of the general decrease in customer visits influenced by the social unrest and the increase in operating costs, in particular increased staff costs as we hired more staff in support of the operation of Daikiya ST opened in June 2019. For December 2019, our revenue decreased by 13% and our monthly number of customer decreased by 6% as compared to that of the corresponding period in 2018. For details, see "Business — Our Brand and Restaurant Portfolio — Restaurant General Information and Operating Data" in this prospectus.

Operating Profit Margin — Our cost of food and beverages as a percentage of our revenue remain relatively stable in comparison with the Track Record Period, while our average daily sales per restaurant was lower for the period after the Track Record Period and up to the Latest Practicable Date due to the foregoing reasons including the social unrest factor and therefore our Operating Profit Margin for our Group for the corresponding period was lower accordingly.

Our Directors have been closely monitoring our business and operations and have taken out measures to counteract the potential impacts of the social unrest since June 2019 on our business and operations, including negotiations with landlords for restaurant rent reductions, enhanced marketing efforts and promotion and crisis management training. Landlords of eight of our restaurants agreed to grant rent reductions ranging from 10% to 20% of the monthly rent for a period of two to four months which will save rental payment of HK$1.7 million in total for FY2020. In addition, one of our restaurants received a one-off two-day rent reduction for the suspension of operation for two days in October 2019. We will continue rent reduction negotiations with landlords of our other restaurants. Our Group has also taken certain measures to control our operating costs since September 2019, such as reducing the use of casual workers from independent third party service provider and conducting restructuring of our head office administrative and support functions to improve our operational efficiency, which saved cost of HK$9.1 million in aggregate up to November 2019 as compared to that of August 2019.

To the best knowledge, information and belief of our Directors, up to the Latest Practicable Date, there is no change to our business model and no material change to the market condition which would materially affect the operation and performance of our principal business save as aforementioned.

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our financial or trading position since 31 July 2019, being the date to which our latest audited combined financial statement was prepared, which would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

LEGAL COMPLIANCE

As at the Latest Practicable Date, save as disclosed in "Business — Legal Proceedings and Compliance — Legal Proceedings" of this prospectus, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us that would have a material adverse effect on our results of operations or financial condition. During the Track Record Period and up to the Latest Practicable Date, there were certain non-compliance incidents by some of our operating subsidiaries of certain laws and regulations in Hong Kong, including: we (i) commenced operations of certain restaurants without provisional restaurant licences and/or liquor licences for certain periods and/or continued operations after the provisional restaurant licences and/or liquor licences expired but before the grant of the general restaurant licences and/or the renewed liquor licences; (ii) operated without the water pollution control licences; (iii) failed to file certain notices and tax returns with the Inland Revenue Department; and (iv) failed to enrol our casual workers in a registered MPF scheme. See "Business — Legal Proceedings and Compliance — Legal and regulatory compliance" of this prospectus.

HIGHLIGHTS OF RISK FACTORS

There are a number of risks involved in our operations and in connection with the Share Offer, many of which are beyond our control. These risks can be categorised into (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to the Share Offer. We believe that the following are some of the major risks that may have a material adverse effect on us:

- As we generated all of our revenue in Hong Kong during the Track Record Period and expect to continue to derive a substantial portion of our revenue from Hong Kong, we are susceptible to the business environment in and the impact of the social unrest on Hong Kong since June 2019.
- Our success depends substantially on the market recognition of our brands, and any negative publicity or damage to our brands could adversely affect our business and results of operations.
- We may not be able to adequately protect our intellectual property, which in turn could harm the value of our brands and adversely affect our business and results of operations.
- Any failure to maintain our food quality control system could have an adverse effect on our reputation, business and results of operations.
- We require various licences, approvals and permits to operate our business. Any failure in obtaining or renewing any of the licences, approvals and permits for our operations for factors beyond our control could materially adversely affect our business and results of operations.
- Our business may continue to be adversely affected by the recent public protests in Hong Kong.
- The limited choices of commercially attractive locations, failure to renew existing leases, breach of existing lease agreements or increase in rental expenses could materially adversely affect our business and results of operations.

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

"Admiralty Develop"	Admiralty Develop Limited (富順拓展有限公司), a company incorporated in Hong Kong on 18 April 2012 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company
"Amazing Profit"	Amazing Profit International Limited (豐裕國際有限公司), a company incorporated in Hong Kong on 23 January 2015 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company
"Ample International"	Ample International Develop Limited (豐富國際發展有限公司), a company incorporated in Hong Kong on 10 August 2015 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company
"Application Form(s)"	the **WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on 20 December 2019 and effective on the Listing Date, as amended or supplemented from time to time, a summary of which is set out in Appendix III to this prospectus
"Board" or "Board of Directors"	the board of Directors
"Boss International"	Boss International Development Limited (博士國際發展有限公司), a company incorporated in Hong Kong on 10 June 2013 and an indirect wholly-owned subsidiary of our Company, an Operating Company
"Bright Chief"	Bright Chief International Limited (佳景國際有限公司), a company incorporated in Hong Kong on 29 April 2016 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company
"business day"	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands

"Capitalisation Issue"	the issue of 299,990,000 Shares to be made on 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 — 3. Written resolutions of the Shareholders passed on 20 December 2019" in Appendix IV to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CIC"	China Insights Industry Consultancy Limited, a market research and consulting company and an Independent Third Party
"CIC Report "	the industry expert report issued by CIC relating to the Japanese restaurant market in Hong Kong, details of which are set out in "Industry Overview" in this prospectus
"Code of Practice"	the Code of Practice for Fire Safety in Buildings 2011 issued by the Buildings Department of the Government
"Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented, consolidated or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time

"Company", "our Company", "we", "us" or "our"	Daikiya Group Holdings Limited (大喜屋集團控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 25 February 2019 under the Companies Law
"Controlling Shareholder(s)"	has the meaning given to it in the Listing Rules and, in the context of this prospectus, refers to Mr. Lam and Satisfied Bliss or where the context so requires, any one of them
"Daieiki MK"	a restaurant operated under the "Daieiki (大瀛喜)" brand by our Group located on 5th Floor, Far East Bank Mong Kok Building, 11 Nelson Street, Kowloon, Hong Kong
"Daikiya Central"	a restaurant operated under the "Daikiya (大喜屋)" brand by our Group located on 6th Floor, Wellington Place, 2–8 Wellington Street, Central, Hong Kong and ceased operation in January 2015
"Daikiya CWB"	a restaurant operated under the "Daikiya (大喜屋)" brand by our Group located on 7th Floor, The Goldmark, Causeway Bay, Hong Kong and ceased operation in March 2019
"Daikiya ST"	a restaurant operated under the "Daikiya (大喜屋)" brand by our Group located at shop Nos. 33, 44–46, Level 1, Shatin Plaza, Shatin, New Territories, Hong Kong
"Daikiya TST"	a restaurant operated under the "Daikiya (大喜屋)" brand by our Group located on 5th Floor, Manson House, 74–78 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong
"Daimanki KT"	a restaurant operated under the "Daimanki (大滿喜)" brand by our Group located on 10th Floor, One Pacific Centre, 414 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong
"Daimanki MK"	a restaurant operated under the "Daimanki (大滿喜)" brand by our Group located on 8th Floor, Chong Hing Square, 601 Nathan Road, Kowloon, Hong Kong
"DCR"	the Dutiable Commodities (Liquor) Regulations (Chapter 109B of the Laws of Hong Kong), as amended or supplemented from time to time
"Deed of Indemnity"	the deed of indemnity dated 20 December 2019 given by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for each of our subsidiaries from time to time), regarding certain indemnities as more particularly set out in "Statutory and General Information — E. Other Information — 1. Estate duty, tax and other indemnity" in Appendix IV to this prospectus

"Deluxe Daieiki CWB"	a restaurant operated under the "Deluxe Daieiki (極尚大瀛喜)" sub-brand of the "Daieiki (大瀛喜)" brand by our Group located on 11th Floor, Causeway Bay Plaza 2, 463–483 Lockhart Road, Hong Kong
"Deluxe Daieiki KT"	a restaurant operated under the "Deluxe Daieiki (極尚大瀛喜)" sub-brand of the "Daieiki (大瀛喜)" brand by our Group located on 5th Floor, One Pacific Centre, 414 Kwun Tong Road, Kowloon, Hong Kong
"Deluxe Daieiki YL"	a restaurant operated under the "Deluxe Daieiki (極尚大瀛喜)" sub-brand of the "Daieiki (大瀛喜)" brand by our Group located on 2nd Floor, Yoho Mall 1, 9 Long Yat Road, Yuen Long, New Territories, Hong Kong
"Deluxe Daikiya CWB"	a restaurant operated under the "Deluxe Daikiya (極尚大喜屋)" sub-brand under the "Daikiya (大喜屋)" brand by our Group located on 9th Floor, Causeway Bay Plaza 1, 489 Hennessy Road, Hong Kong
"Deluxe Daikiya TST"	a restaurant operated under the "Deluxe Daikiya (極尚大喜屋)" sub-brand under the "Daikiya (大喜屋)" brand by our Group located on 1st Floor, Albion Plaza, 2–6 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong
"Directors" or "our Directors"	the directors of our Company
"ECO"	the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), as amended or supplemented from time to time
"Enrich International"	Enrich International Develop Limited (緻富國際發展有限公司), a company incorporated in Hong Kong on 28 March 2014 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company
"FBR"	the Food Business Regulation (Chapter 132X of the Laws of Hong Kong), as amended or supplemented from time to time
"FEHD"	the Food and Environmental Hygiene Department of the Government
"Fertility International"	Fertility International Development Limited (譽富國際發展有限公司), a company incorporated in Hong Kong on 16 March 2015 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company

"First Point"	First Point Development Limited (冠邦發展有限公司), a company incorporated in Hong Kong on 29 March 2018 with limited liability and an indirect wholly-owned subsidiary of our Company, which had no business as at the Latest Practicable Date and is intendedly reserved for use as an operating company when a new restaurant is opened
"FY2016"	the financial year ended 31 March 2016
"FY2017"	the financial year ended 31 March 2017
"FY2018"	the financial year ended 31 March 2018
"FY2019"	the financial year ended 31 March 2019
"FY2020"	the financial year ending 31 March 2020
"FY2021"	the financial year ending 31 March 2021
"Galaxy United"	Galaxy United Limited (聯合富星有限公司), a company incorporated in Hong Kong on 29 August 2017 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company
"Global Great China"	Global Great China Limited (環球大中華有限公司), a company incorporated in Hong Kong on 28 April 2015 with limited liability and is owned by certain of the Minority Shareholders
"Global Prosperity"	Global Prosperity International Develop Limited (盛世環球國際發展有限公司), a company incorporated in Hong Kong on 9 September 2013 with limited liability and an indirect wholly-owned subsidiary of our Company, which is principally engaged in the operation of workshop 1 and workshop 2, and is a Management Company
"Government"	the Government of Hong Kong
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider, designated by our Company
"Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be registered in the applicant's own name by submitting application online through the designated website of **HK eIPO White Form** at **www.hkeipo.hk** or in the **IPO App**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** Service Provider designated by our Company, as specified on the designated website at **www.hkeipo.hk** or in the **IPO App**
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS(s)"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of our Company
"Hong Kong Offer Shares"	10,000,000 new Shares being initially offered by our Company for subscription pursuant to the Hong Kong Public Offer
"Hong Kong Public Offer"	the offer by our Company of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in "Structure of the Share Offer" in this prospectus
"Hong Kong Underwriters"	the Underwriters listed in "Underwriting — Hong Kong Underwriters" in this prospectus, being the underwriters of the Hong Kong Public Offer
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 23 January 2020 relating to the Hong Kong Public Offer entered into by, among others, our Company and the Hong Kong Underwriters, as further described in "Underwriting" in this prospectus

"Independent Third Party(ies)"	a person(s) or a company(ies) who or which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is or are independent of and not connected (within the meaning of the Listing Rules) with our Company or our connected persons
"International Placing"	the conditional placing of the International Placing Shares by the International Underwriters for and on behalf of our Company to institutional, professional, corporate and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price, on and subject to the terms and conditions under the International Underwriting Agreement, as further described in "Structure of the Share Offer" in this prospectus
"International Placing Shares"	90,000,000 new Shares being initially offered by us for subscription pursuant to the International Placing together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"International Underwriters"	the underwriters for the International Placing who are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Placing to be entered into by, among others, our Company and the International Underwriters on or about the Price Determination Date, as further described in "Underwriting" in this prospectus
"IPO App"	the mobile application for **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"Joint Bookrunners"	Alliance Capital, SBI China Capital Financial Services Limited, CMBC Securities Company Limited, Valuable Capital Limited, SPDB International Capital Limited and Zhongtai International Securities Limited
"Joint Lead Managers"	Caitong International Securities Company, China Investment Securities International Brokerage Limited, Fulbright Securities Limited, Excellent Success Investments Limited, Jinghui Capital Limited and Pulsar Capital Limited

"Joy Daikiya"	a restaurant operated under the "Joy Daikiya (樂天大喜屋)" sub-brand of the "Daikiya (大喜屋)" brand by our Group located on 2nd Floor, Chong Hing Square, 601 Nathan Road, Kowloon, Hong Kong
"Kichi Jyu"	a restaurant operated under the "Kichi Jyu Supreme (吉壽本格御品)" brand by our Group located on 5th Floor, 655 Nathan Road, Mong Kok, Kowloon, Hong Kong
"Latest Practicable Date"	14 January 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Legal Counsel"	Mr. Poon, Billy C.K., a barrister-at-law in Hong Kong and an Independent Third Party
"Legend Success"	Legend Success International Inc. Limited (駿昇國際興業有限公司), a company incorporated in Hong Kong on 15 October 2010 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company
"Listing"	the listing of the 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 around 14 February 2020, on which the Shares first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"LLB"	the Liquor Licensing Board of Hong Kong, an independent statutory body established in accordance with the Dutiable Commodities (Liquor) Regulations (Chapter 109B of the Laws of Hong Kong) to consider, and, where appropriate, approve applications for liquor licences
"Management Companies"	collectively, (1) Global Prosperity, (2) Rich Ahead and (3) Skyway United, each a "Management Company"
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company conditionally adopted on 20 December 2019 and effective on the Listing Date, as amended or supplemented from time to time

"Minority Shareholders"	collectively refers to (1) Mr. Chau Ka Yeung (鄒嘉洋), (2) Ms. Chin Suk Yin (錢淑賢), (3) Ms. Chio Chon Iok (趙春玉), (4), Mr. Choi Tsz Wong (蔡梓煌) (5) Mr. He Wenquan (何文泉), (6) Mr. Ho Hok Fung (何學楓), (7) Ms. Ho Siu Mei (何少美), (8) Mr. Hsu Chi Yung (許志勇), (9) Mr. Jim Chong Keung (詹莊強), (10) Mr. Lam Ying Kit (林英傑), (11) Mr. Lee Chun Lung (李俊龍), (12) Mr. Leung Nok Shun (梁諾信), (13) Mr. Lin Kwok Hung (林國雄), (14) Ms. Liu Junrong (劉俊容), (15) Mr. Lo Tak Cheung (勞德翔), (16) Mr. Ngan Hon Wing (顏漢榮), (17) Mr. OY Lam, (18) Mr. Shi Chaozong (石朝宗), (19) Mr. Sun Baihui (孫柏輝), (20) Ms. SW Wong, (21) Mr. Sze Yau Yam (施友鑫), (22) Mr. TF Lo, (23) Mr. Tsang Yuk Pan (曾煜斌), (24) Mr. Tse Wing Hong (謝永康), (25) Mr. Wong Chi Fung (黃志峰), (26) Mr. Wong Ka Kin (黃家健), (27) Mr. Wong Ting Chung (黃廷宗), (28) Mr. Wong Wing Sing (黃永勝), (29) Mr. Yeung Tit Fung (楊鐵鋒), (30) Mr. Yu Shun On (余順安), (31) Mr. Yeung Chun Sing (楊振聲) and (32) Mr. Yung Chung Ngai (容忠毅), each being a minority shareholder of our Company upon completion of the Reorganisation and otherwise an Independent Third Party save and except (i) Mr. TF Lo, who is an executive Director; (ii) Mr. OY Lam and Ms. SW Wong, who are the elder brother and a sister-in-law of Mr. Lam, respectively; (iii) Mr. Wong Chi Fung (黃志峰), who is a cousin of Mr. Lam; and (iv) Ms. Liu Junrong (劉俊容), who is a sister-in-law of Mr. Lam
"MPF"	Mandatory Provident Fund
"MPFSO"	the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), as amended or supplemented from time to time
"Mr. KK Ho"	Mr. Ho Kong Kuen (何江權), our co-founder and an Independent Third Party
"Mr. Lam"	Mr. Lam On Yin (林安然), our co-founder, chairman of the Board, chief executive officer, an executive Director and one of our Controlling Shareholders
"Mr. OY Lam"	Mr. Lam On Yuen (林安源), the elder brother of Mr. Lam
"Mr. TF Lo"	Mr. Lo Tang Fei (盧騰飛), an executive Director
"Ms. SW Wong"	Ms. Wong So Wan (黃素云), spouse of Mr. OY Lam and sister-in-law of Mr. Lam

"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$2.00 and expected to be not less than HK$1.60, such price to be determined by agreement between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date
"Offer Price Range"	HK$1.60 to HK$2.00 per Offer Share
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares
"Operating Companies"	collectively, (1) Admiralty Develop, (2) Amazing Profit, (3) Ample International, (4) Boss International, (5) Bright Chief, (6) Enrich International, (7) Fertility International, (8) Galaxy United, (9) Legend Success, (10) Rich Square, (11) Rich Tech, (12) Riches International, (13) Sky Pro, (14) Smooth International and (15) Sun Rich, each operating a Japanese restaurant under the trademarks of our Group as at the Latest Practicable Date; and each an "Operating Company"
"Over-allotment Option"	the option expected to be granted by us to the International Underwriters under the International Underwriting Agreement, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to 15,000,000 additional Shares (representing 15% of the number of Offer Shares initially being offered under the Share Offer) at the Offer Price under the International Placing, to, among other things, cover over-allocations in the International Placing, if any, as further described in "Structure of the Share Offer" in this prospectus
"PRC" or "China"	the People's Republic of China, excluding for the purposes of this prospectus only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on 3 March 2014 by the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

"Price Determination Date"	the date expected to be on or around 6 February 2020 (Thursday), but no later than 7 February 2020 (Friday), on which our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) determine the Offer Price for the purpose of the Share Offer
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the reorganisation of our Group in preparation for the Listing, details of which are set out in "History, Reorganisation and Group Structure — Reorganisation" in this prospectus
"Repurchase Mandate"	the general unconditional mandate given to our Directors by the Shareholders relating to the repurchase of Shares, a summary of which is contained in "Statutory and General Information — A. Further information about our Company — 3. Written resolutions of the Shareholders passed on 20 December 2019" in Appendix IV to this prospectus
"Rich Ahead"	Rich Ahead Development Limited (富升發展有限公司), a company incorporated in Hong Kong on 23 March 2018 with limited liability and an indirect wholly-owned subsidiary of our Company, which is the holder of the trademark "G 帝皇餐飲管理" and a Management Company
"Rich Square"	Rich Square International (HK) Limited (裕富國際(香港)有限公司), a company incorporated in Hong Kong on 6 August 2014 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company
"Rich Tech"	Rich Tech Hong Kong Development Limited (富達香港發展有限公司), a company incorporated in Hong Kong on 5 July 2016 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company
"Riches International"	Riches International Develop Limited (潤富國際發展有限公司), a company incorporated in Hong Kong on 28 March 2014 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company
"Ripple Power"	Ripple Power Limited (漣力有限公司), a company incorporated in the BVI on 3 January 2018 with limited liability and a direct wholly-owned subsidiary of our Company, an investment-holding company
"RMB"	Renminbi, the lawful currency of the PRC

"Rock Salt CWB"	a restaurant operated under the "Rock Salt (岩鹽)" brand by our Group located at Shop A, 16/F, Lee Theatre Plaza, No. 99 Percival Street, Causeway Bay, Hong Kong
"Rock Salt MK"	a restaurant operated under the "Rock Salt (岩鹽)" brand by our Group located on level 3, MOKO, 193 Prince Edward Road West, Mongkok, Kowloon, Hong Kong
"Satisfied Bliss"	Satisfied Bliss Limited (滿佑有限公司), a company incorporated in the BVI on 23 October 2018 with limited liability and wholly-owned by Mr. Lam, and one of our Controlling Shareholders
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of our Company
"Share Offer"	the Hong Kong Public Offer and the International Placing
"Share Option Scheme"	the share option scheme conditionally adopted by the written resolutions of all our Shareholders passed on 20 December 2019, the principal terms of which are summarised in "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus
"Sky Pro"	Sky Pro United Limited (聯合天寶有限公司), a company incorporated in Hong Kong on 29 August 2017 with limited liability and owned as to 96.7% by Splendid Fresh and 3.3% by Mr. Chiu, Albert Chun Wah, an Operating Company
"Skyway United"	Skyway United Limited (聯合天威有限公司), a company incorporated in Hong Kong on 29 August 2017 with limited liability and an indirect wholly-owned subsidiary of our Company, a Management Company
"Smooth International"	Smooth International Development Limited (順佳國際發展有限公司), a company incorporated in Hong Kong on 23 August 2012 with limited liability and an indirect wholly-owned subsidiary of our Company, an Operating Company
"Sole Global Coordinator"	Alliance Capital

"Sole Sponsor" or "Alliance Capital"	Alliance Capital Partners Limited, a licensed corporation registered under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
"Splendid Fresh"	Splendid Fresh Limited (彩新有限公司), a company incorporated in the BVI on 2 January 2018 with limited liability and an indirect wholly-owned subsidiary of our Company, an investment-holding company
"Stabilising Manager"	SBI China Capital Financial Services Limited
"Stock Borrowing Agreement"	the stock borrowing agreement which is expected to be entered into on or about the Price Determination Date between the Stabilising Manager (or its affiliates acting on its behalf) and Satisfied Bliss, pursuant to which Satisfied Bliss will agree to lend up to 15,000,000 Shares to the Stabilising Manager on terms set out therein
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Sun Rich"	Sun Rich United Limited (聯合盛富有限公司), a company incorporated in Hong Kong on 29 August 2017 with limited liability and owned as to 90% by Splendid Fresh and 10% by Mr. Yip Chi Ping, an Operating Company
"Sure Gain"	Sure Gain Hong Kong Group Limited (駿發香港集團有限公司), a company incorporated in Hong Kong on 5 March 2013 with limited liability, an indirect wholly-owned subsidiary of our Company and was the operating company of Daikiya CWB which ceased the restaurant operation in March 2019
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended or supplemented from time to time
"Tono Daikiya"	a restaurant operated under the "Tono Daikiya (殿大喜屋)" sub-brand of the "Daikiya (大喜屋)" brand by our Group located on 1st Floor, Kimberley 26, 55 Carnarvon Road and 26 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong
"Track Record Period"	FY2017, FY2018, FY2019 and the four months ended 31 July 2019
"Underwriters"	the Hong Kong Underwriters and the International Underwriters

"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories and possessions, and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended or supplemented from time to time
"Wealth Energy"	Wealth Energy International Holdings Limited (譽昇國際控股有限公司), a company incorporated in the BVI on 1 September 2017 with limited liability and wholly-owned by Mr. KK Ho, an investment-holding company and Independent Third Party
"Wealthy Mark"	Wealthy Mark Development Limited (駿發發展有限公司), a company incorporated in Hong Kong on 1 April 2016 with limited liability, which was wholly-owned by an Independent Third Party as at the Latest Practicable Date
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's or applicants' own name(s)
"workshop 1"	the workshop located at Flat 9, Block B, 7/F, Merit Industrial Centre, 94 Tokwawan Road, Kowloon, Hong Kong
"workshop 2"	the workshop located at Flat 11, 7/F, Block B, Merit Industrial Centre, 94 Tokwawan Road, Kowloon, Hong Kong
"WPCO"	the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), as amended or supplemented from time to time
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
"%"	per cent

In this prospectus, unless the context otherwise requires, the terms "associate", "close associate", "connected person", "connected transaction", "controlling shareholder', "core connected person", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

This glossary contains explanations of certain terms used in this prospectus as they relate to our Company and they are used in this prospectus in connection with our business. These terms and their given meanings may not correspond to standard industry definitions or usage of those terms.

"CAGR"	compound annual growth rate, a method of assessing the average growth of a value over a certain time period
"CCTV"	close circuit television
"ERP"	enterprise resource planning
"GFA"	gross floor area
"kg"	kilogram
"POS"	point of sales
"sq. ft."	square foot (plural: square feet)
"sq. m."	square metre (plural: square metres)

This prospectus contains forward-looking statements. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "might", "plan", "project", "propose", "seek", "should", "target", "will", "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and our operating and expansion plans;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- future events and developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our ability to control costs;
- our ability to identify and successfully take advantage of new business development opportunities; and
- our dividend policy.

Such statements reflect the current views of our management with respect to future events, operations, profitability, liquidity and capital resources, some of which may not materialise or may change. Actual results may differ materially from information, implied or expressed, in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in "Risk Factors" in this prospectus and the following:

- changes in the laws, rules and regulations applicable to us;
- general economic, market and business conditions in Hong Kong, including the sustainability of the economic growth in Hong Kong;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- business opportunities and expansion that we may pursue;
- our ability to identify, measure, monitor and control risks in our business, including our ability to improve our overall risk profile and risk management practices; and
- other factors beyond our control.

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

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

You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that a substantial part of our Group's operations are conducted in Hong Kong, the legal and regulatory environment of which may differ from that prevailing in other countries. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

As we generated all of our revenue in Hong Kong during the Track Record Period and expect to continue to derive a substantial portion of our revenue from Hong Kong, we are susceptible to the business environment in and the impact of the social unrest in Hong Kong since June 2019.

During the Track Record Period, we generated all our revenue from our Hong Kong operations. We anticipate that our business in Hong Kong will continue to be our core business following the completion of the Share Offer. Our operations are affected by the business environment in and the impact of the social unrest in Hong Kong since June 2019. In particular, the decrease in the number of customer visits, temporary cessation and shortened operation hours of the public transportation services, general economic downturn, turbulent social environment, natural disasters, contagious disease outbreaks, 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. Our Directors expect that the social unrest in Hong Kong since June 2019 will negatively affect our financial performance for FY2020. Our business, financial position and results of operations are and will continue to be dependent on the various factors which affect our industry and general economic conditions, most of which are beyond our control. Furthermore, any economic slowdown, recession or other developments in the Hong Kong social, political, economic or legal environment could result in the decrease in the number of customer visits, or a decline in the spending power of customers in general, resulting in a lower demand for our services, and lower revenue and income contribution for us. As such, our business, financial position and results of operations could be materially and adversely affected.

Our success depends substantially on the market recognition of our brands, and any negative publicity or damage to our brands could adversely affect our business and results of operations.

We believe our success and the strength of our competitive position depends to a large extent on the market recognition of our brands, including Daikiya (大喜屋), Daieiki (大瀛喜), Daimanki (大滿喜) and Rock Salt (岩鹽). Over the years, our brands have received various certifications and awards, see "Business — Awards and recognitions" in this prospectus.

We believe that our continued success depends largely on our ability to protect and enhance the value of our brands. Any incident that erodes consumer trust in or affinity for our brands could significantly reduce their value. We can be adversely affected by negative publicity, whether accurate or not, regarding food quality issues, public health concerns, illness, safety, injury or government or industry findings concerning our restaurants or others across the catering industry supply chain. During the Track Record Period, certain of our customers made complaints of our restaurants through social media platforms or through the FEHD, which were mostly related to our service quality provided by our restaurant staff. To the best of our Directors' knowledge, information and belief, we are not aware of any customer complaints seeking material compensation that could have a material adverse effect on our business and results of operations during the Track Record Period and up to the Latest Practicable Date. Nevertheless, significant number of complaints or claims against us, even if meritless or unsuccessful, could force us to divert management and other resources from our business concerns and result in negative publicity. Customers may lose confidence in our brands, which may lead to decline in number of customer visits and business of our restaurants.

Meanwhile, as we continue to expand in size, broaden our food offerings and services and extend our geographic reach, maintaining quality and consistency in our food and services may become increasingly difficult and there is no assurance that customer confidence in our brands will not diminish. If customers perceive or experience a deterioration in our food quality, service, ambiance or believe in any way that we fail to deliver a consistently positive dining experience, the value of our brands could suffer, which could have an adverse effect on our business and results of operations.

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

We believe that our success and the strength of our competitive position depend substantially on our customers' association of our brands with quality food offerings. We consider our trademarks in relation to the brands of our restaurants important to our business. For details of our intellectual property rights, see "Statutory and General Information — B. Further information about the business of our Group — 2. Intellectual property of our Group" in Appendix IV to this prospectus. There is however no assurance that there will be no other restaurants bearing similar trademarks, brands and logos to our restaurant brands. If there is indeed such a restaurant and there is unfavourable perception or incident linked to it, it could dilute or tarnish, directly or indirectly, our restaurants' appeal, which is beyond our control and our reputation and business could be adversely affected.

In addition, we currently own one domain name containing or relating to our Company and brands. We may not be able to prevent third parties from acquiring and maintaining domain names that infringe or otherwise decrease the value of our own brand names, trademarks and other proprietary rights. Failure to protect our domain names could adversely affect our reputation and brand, and make it difficult for users to find our websites. In addition, we may not be able to complete relevant trademark registration prior to the opening of any new restaurant.

Despite our efforts in protecting our registered intellectual property, there is no assurance that we can prevent third parties from infringing on them within or outside of Hong Kong. Furthermore, our Group did not apply for registration of any intellectual property rights in respect of self-created dishes developed by our chefs. Competitors of our Group may imitate our self-created dishes and offer them at a more competitive price, which could have an adverse effect on our business and results of operations.

Additionally, we may from time to time be required to institute litigation, arbitration or other proceedings to enforce our intellectual property rights, which would likely be time-consuming and expensive to resolve and would divert our management's time and attention from our business. Even if we are able to successfully enforce our rights, any harm done to our brands could adversely affect our business and results of operations.

Any failure to maintain our food quality control system could have an adverse effect on our reputation, business and results of operations.

Being in the catering industry, we face an inherent risk of food contamination, complaints and liability claims filed by our customers. In the event of such claims or complaints, our reputation, business and results of operations could be adversely affected. Therefore, the maintenance of an effective quality control system in ensuring the quality and safety of the food we serve in our restaurants is critical to our success. Our quality control system primarily comprises (i) supply chain management; (ii) food quality and food safety control; (iii) hygiene control; and (iv) service and restaurant operation quality control. For details of our quality control system, see "Business — Quality control" in this prospectus.

Maintaining consistent food quality depends significantly on the effectiveness of our quality control system, which in turn depends on a number of factors, including the design of our quality control system, our ability to ensure that our source of supply can meet our requirement of food quality and our employees adhere to and implement those quality control policies, and the effectiveness of monitoring any potential violation of our quality control system. There is no assurance that our quality control system will at all times prove to be effective. Certain of the food ingredients used in our restaurants are initially delivered from our workshop 1. Any food contamination occurring therein, during the transportation from our workshop 1 to our restaurants and at our restaurants could adversely affect our food quality. Meanwhile, the quality of the supplies or services provided by our suppliers is subject to factors beyond our control. There is no assurance that our suppliers will always be able to adopt appropriate quality control systems and meet our stringent quality control requirements in respect of the supplies or services they provide. Due to the scale of our operations, we also face the risk that certain of our employees may not adhere to our internal quality control procedures and guidelines for food handling.

Any failure or significant deterioration of our quality control system could adversely affect our food quality, which could lead to liability claims, complaints, related adverse publicity and imposition of penalties against us by relevant authorities and compensation awards by courts. In addition, incidents or allegations of food poisoning, food quality issues or poor hygiene standards of our restaurants caused by deficiencies in our quality control system may attract negative publicity, which may affect the public's confidence in our food offerings, as well as lead to reduced customer patronage, decrease in number of customer visits and business of our restaurants and damage to our reputation. If any of such incidents or allegations results in investigations being instigated by the regulatory authorities or claims by our customers, we will have to divert our management attention and expend resources in defending such investigations and claims. After such incidents, we may also have to implement remedial measures to rebuild the customers' confidence in our food offerings at additional cost, with no assurance that such remedial actions will be successful.

We require various licences, approvals and permits to operate our business. Any failure in obtaining or renewing any of the licences, approvals and permits for our operations for factors beyond our control could materially adversely affect our business and results of operations.

We are required to obtain and maintain various types of licences, including general restaurant licence, food factory licence, water pollution control licence and liquor licence for our operations in Hong Kong. For details, see "Regulatory Overview" in this prospectus.

There is no assurance that our existing licences, approvals or permits can be successfully renewed upon their expiry, or that we can obtain all the requisite licences, approvals or permits for the business operations of our new restaurants which we open. Failure to obtain or renew some or all of the requisite licences, approvals or permits in a timely manner or at all for factors within or beyond our control may require us to suspend part or all of our operations, which will adversely affect our business and results of operations. During the Track Record Period and up to the Latest Practicable Date, our Group did not obtain the relevant water pollution control licence for the business operations of our restaurants and workshops. For details, see "Business — Legal proceedings and compliance — Legal and regulatory compliance" in this prospectus.

Given the uncertainties in obtaining and renewing the approvals, licences and permits necessary for our operations, planned new business operations and/or expansion may be delayed and our existing restaurant business could be interrupted. We may also be subject to fines and penalties.

Our business may continue to be adversely affected by the recent public protests in Hong Kong.

Since June 2019, there has been a series of large-scale public assemblies and protests across various districts in Hong Kong, which have generally affected the number of customers visiting our restaurants and the total spending of our customers. The occurrence and duration of such public assemblies and protests cannot be predicted or controlled by us. If such protests persist for a prolonged period of time or that the economic, political and social conditions in Hong Kong are to materially deteriorate, the number of customer visits of our restaurants and total spending of our customers may continue to be adversely affected, and our business operations may be disrupted and/or suspended, which may in turn adversely affect our results of operations.

Our future success depends on our ability to meet customer expectations and anticipate and react to evolving customer preferences.

The Japanese restaurant industry in Hong Kong is highly competitive; therefore the continuous introduction of new menu items is a measure to cope with the ever-changing customer preferences and remain competitive in the market. In the past, we have launched a number of new menus, entrée, side dishes and delectable desserts with a view to catering our customers' changing tastes and dietary habits. We believe our future success depends, to a large extent, on our ability to offer new menu items and refine our existing dishes based on evolving market trends and tastes, dietary habits, expectations, and other preferences of our target customers. We cannot assure that our existing and new menu items will continue to attract and be accepted by our target customers in the future. If we fail to anticipate or react to the latest food trends or customer preferences, we may lag behind our competitors in developing and introducing dishes which appeal to our customers, which could in turn cause us to lose our competitiveness and our business and results of operations could be adversely affected.

The limited choices of commercially attractive locations, failure to renew existing leases, breach of existing lease agreements or increase in rental expenses could materially adversely affect our business and results of operations.

All of our existing restaurants are situated at prime/populated locations in Hong Kong, including Mongkok, Tsim Sha Tsui, Causeway Bay, Kwun Tong, Shatin and Yuen Long. Due to our stringent criteria on the restaurant locations, commercially viable choices which meet our site selection criteria are usually limited. If we open new restaurants, there is no assurance that we will be able to find suitable premises for our restaurants on commercially reasonable terms, in which case our expansion plan may be delayed or disrupted which could in turn have a material adverse effect on our business and results of operations.

Most of the lease agreements for our restaurants generally have an initial lease term of three years with or without options to renew. For leases without options to renew, whether we are able to renew is normally subject to further negotiation with the landlords. There is no assurance that we will be able to renew such lease agreements on terms which are acceptable to us. If we are unable to renew any of the existing leases, we will need to identify alternative locations to carry on the business of the relevant restaurants. Further, if we breach any of our lease agreements, such lease agreements may be terminated prematurely which will require us to relocate. As a result, our operations could be disrupted and our results of operations could be materially adversely affected due to among others, additional costs for such relocation.

As at the Latest Practicable Date, we leased all of the properties on which our restaurants operated, and we are accordingly exposed to market fluctuations of the retail rental market. For FY2017, FY2018, FY2019 and the four months ended 31 July 2019, our Leased Properties Expenses (as defined in "Financial Information" in this prospectus) amounted to approximately HK$58.1 million, HK$75.6 million, HK$83.9 million and HK$31.7 million, respectively, representing approximately 10.5%, 10.6%, 10.0% and

12.0% of our revenue during the respective year/period. If we are unable to pass the increased rentals and related expenses onto our customers, our business and results of operations could be materially adversely affected.

Our results of operations may be adversely affected by unexpected closure or renovation of shopping malls or commercial buildings in which our restaurants are located.

At present, all of our existing restaurants are situated at locations with high customer traffic, such as shopping malls and commercial buildings in prime districts. We believe the success of our restaurants depends substantially on their locations. There is no assurance that the shopping malls or commercial buildings in which our restaurants are located will continue to operate and will not be closed down or demolished. In addition, any renovation of the shopping malls or commercial buildings in which our restaurants are located may lower the customer traffic flow towards the complex and therefore adversely affect the accessibility of our restaurants. Meanwhile, poor maintenance of the shopping malls and commercial buildings may also attract less patronage and thereby result in fewer customers visiting our restaurants. As the competition for desirable restaurant locations with high customer traffic is intense, if our current restaurant locations become unattractive and we cannot relocate our restaurants to other desirable locations at reasonable terms, our results of operations may be adversely affected.

We rely on individuals to hold all the liquor licences of our restaurants.

All holders of the liquor licence of each of our restaurants were our employees as at the Latest Practicable Date. See "Business — Licences and permits" in this prospectus for details of the liquor licences of our Group.

Pursuant to the DCR, any transfer of a liquor licence must be conducted in the prescribed form with the consent of the liquor licence holder. In case of illness or temporary absence of the liquor licence holder, the secretary of the LLB may in his/her discretion authorise any person to manage the licensed premises upon application by the liquor licence holder. For details, see "Regulatory overview" in this prospectus.

There is no assurance that we will be able to retain these liquor licence holders as our employees in the future. In the event that these employees leave our Group, we will need to apply for our liquor licences to be transferred to other employees. If any of these liquor licence holders refuses to give consent to a transfer application when a transfer is required, or fails to make an application in respect of his/her illness or temporary absence or makes a cancellation application without our consent, or if an application for new issue of a liquor licence is required in case of death or insolvency of the relevant employee, the relevant restaurant may have to cease its sale of liquor for the time being, in which case could adversely affect our business and results of operations.

If our expansion plan proves to be unsuccessful, of if we fail to obtain sufficient funding for our expansion plans, our business, results of operations and growth prospects could be materially adversely affected.

Our Directors believe that our future growth relies on our ability to open and operate new restaurants in a profitable manner. For details, see "Business — Business strategies" in this prospectus. The catering industry in Hong Kong is highly competitive. Our ability to successfully open new restaurants is subject to a number of risks and uncertainties, including identifying suitable locations and/or securing leases on reasonable terms, timely securing necessary governmental approvals, licences and permits, ability to hire quality personnel, timely delivery in renovation works, securing sufficient customer demand, securing adequate suppliers and inventory that meet our quality standards on timely basis and the general economic conditions. The costs incurred in the opening of new restaurants and the expansion plans may place substantial strain on our managerial, operational and financial resources. There is no assurance that our managerial, operational and financial resources will be adequate to support the relatively rapid pace of our expansion. As such, there is no assurance that we can always operate the expanded network on a profitable basis or that any new restaurant will reach the planned operating levels. If any new restaurant experiences prolonged delay in breaking even or achieving our desired level of profitability or operate at a loss, our operational and financial resources could be strained and our overall profitability could be adversely affected. For details of the breakeven period and investment payback period of our restaurants, see "Business — Business Strategies" in this prospectus.

For FY2020, FY2021, FY2022 and FY2023, we expect we will require approximately HK$9.7 million, HK$27.2 million, HK$32.5 million and HK$10.8 million, respectively, to expand and diversify our restaurant network for our expansion plan, out of which HK$43.1 million will be financed by internal resources. Accordingly, in the event that our expansion plan proves to be unsuccessful, our overall cash flow position, as well as our profitability, could be materially adversely affected. We may, however, require additional cash resources to finance our continued growth or other future developments, including any investments we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of our new restaurant openings, our investments and the amount of cash flow from our operations. Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability from banks or other lenders, investors' confidence in us, the performance of the catering industry in general, and our operating and financial performance in particular. There is no assurance that future financing will be available in amounts or on terms acceptable to us, if at all. The unavailability of financing on terms acceptable to us or at all could materially adversely affect our business, results of operations and growth prospects.

Opening new restaurants may result in fluctuations in our financial performance, and the business and results of operations of our existing restaurants may be materially adversely affected if new restaurants are opened nearby.

Our business and results of operations have been, and may in the future continue to be, significantly influenced by the opening of new restaurants which often involves initially lower sales and higher start-up operating costs, such as rental deposits, renovation cost, cost of utensils and equipment and staff costs. As such, the number and timing of new restaurant openings may continue to have a material effect on our business and results of operations. Our profitability may fluctuate and our results for a given fiscal period are not necessarily indicative of results to be expected for any other fiscal period.

In addition, the customer profile of our restaurants may vary by location depending on a multitude of factors including population density, demographics and commercial establishments. The opening of new restaurants may divert some of our customers away from our existing restaurants nearby and therefore may cannibalise the number of customer visits and revenue of our existing restaurants.

We also plan to open new restaurants in districts that we currently do not have any presence. There is however no assurance that our restaurants can be well received in the new districts, or that customer diversion among our existing and new restaurants will not occur in the future as we continue to expand our operations. We may not be able to attract enough customers to achieve breakeven or investment payback, either within the timeframe which we plan for or at all, which could have a material adverse effect on our business and results of operations.

We currently rely on our workshop 1 and will rely on our central kitchen to supply certain of our food ingredients used in our restaurants and any disruption of operations at our workshops and central kitchen could adversely affect our reputation and results of operations.

During the Track Record Period, certain of the food ingredients used in our Group's restaurants are pre-processed at our workshop 1 before delivery to our restaurants. After Listing, we also plan to establish our central kitchen to support the centralised procurement and processing of food ingredients for our restaurants. Our Group expects that the food ingredients used in our restaurants would first be purchased by and subsequently processed at our central kitchen before delivery to our restaurants. Any disruption of operations at our present workshops or planned central kitchen, such as electricity, water suspension or labour strike, may result in our failure to deliver food ingredients to our restaurants in a timely manner, which may potentially increase our cost and time in preparation of our dishes. Furthermore, such disruption of operations at our present workshops or planned central kitchen may cause our restaurants to remove certain popular items from our menus, which could cause us to lose customers to our competitors and our reputation and results of operations could be adversely affected.

We have no long-term contract with our existing suppliers for the constant supply of food ingredients.

We have no long-term contract with our existing food ingredient suppliers. For FY2017, FY2018, FY2019 and the four months ended 31 July 2019, purchases from our five largest suppliers accounted for approximately 34.8%, 31.0%, 29.6% and 28.5% of our total purchases, respectively. Our suppliers may reduce their volume of supplies to us or cease supplies to us for a variety of reasons, many of which are beyond our control, including unanticipated demand, adverse weather conditions, natural disasters, diseases, changes in the operations or business strategies of suppliers or unexpected production shortages. There is no assurance that our current suppliers will always be able to meet our stringent selection criteria and quality control requirements. If we fail to maintain business relationships with our key suppliers, or if any of our key suppliers do not perform adequately or otherwise fail to make supplies to us in a timely manner, and if we fail to locate replacement suppliers on comparable terms in a timely manner or at all, we could face shortage in supply or increases in costs of purchases, which could cause us to remove items from our menus or adjust our recipes or cooking methods. If popular items are removed from our menus or any food items prepared with adjusted recipes are not acceptable to our target customers, we could lose our customers to competitors and our brand and reputation could be harmed.

We rely on our labour service provider for the provision of casual workers, full-time and part-time personnel.

To allows us to better manage human resources and employ workers in a timely and efficient manner, our Group entered into service agreements with an independent labour service provider during the Track Record Period for the provision of casual workers, full-time and part-time personnel to our Group in accordance with our request. There is no assurance that the labour service provider will continue to provide services to our Group at fees acceptable to us or our Group can maintain our relationship with them in the future. In the event that the labour service provider is no longer able to provide the required labour services to our Group and we are unable to obtain alternative service providers on similar or more favourable terms to us, or the costs for them to provide those required labour services increase substantially, our business and results of operations could be adversely affected.

Our operations are susceptible to fluctuation in the supply, quality or costs of food ingredients, which could adversely affect our profit margins, business and results of operations.

Our profitability depends to a large extent on our ability to anticipate and react to fluctuation in the supply, quality or costs of food ingredients. Our cost of food and beverages accounted for approximately 49.6%, 47.1%, 44.4% and 44.7% of our revenue for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, respectively.

We generally do not enter into any long-term contracts with our suppliers and we therefore only have a limited ability to control the prices of food ingredients that we purchase from our suppliers. The prices of food ingredients may fluctuate and be volatile and are subject to factors beyond our control, including availability, seasonal fluctuations, climate conditions, natural disasters, general economic conditions, global demand, governmental policies and regulations and exchange rates fluctuations. Our suppliers may also be affected by higher costs due to increasing labour costs, importation costs and other expenses that they pass through to us, which will in turn lead to higher costs for food ingredients supplied to us. If we are unable to pass these increased costs to our customers, our profit margins, business and results of operations could be adversely affected.

In addition, there is no assurance that our suppliers will always be able to meet our quality control requirements in the future. In the event any of our suppliers ceases or fails to supply quality food ingredients to us, or in the event that the conditions of fresh or frozen food ingredients, being perishable goods, deteriorate or become spoiled due to delays in delivery, malfunction of refrigeration facilities or inappropriate handling during delivery, these ingredients may be rejected, and there is no assurance that we will be able to find suitable replacement suppliers in a timely manner on acceptable terms, and any failure to do so could increase our food ingredient costs and could cause shortages of food and other supplies at our restaurants.

Any failure to source food ingredients which meet our quality standards, in sufficient quantities, at competitive prices and in a timely manner may render us unable to satisfy our customers' orders, increase our food ingredient costs and cause a disruption to our restaurant operations, which may in turn adversely affect our profit margins, business and results of operations.

Our operations are susceptible to the increase in prices of food ingredients caused by exchange rate fluctuations, which could materially and adversely affect our profit margins, business and results of operations.

During the Track Record Period, we sourced all our raw materials and food ingredients from suppliers in Hong Kong who in turn source them from various overseas countries from time to time, such as Japan and Norway. We are therefore indirectly exposed to fluctuations in exchange rates. Any appreciation of foreign currencies in those countries against the Hong Kong dollar will increase the price of our raw materials and food ingredients in Hong Kong dollar, which will in turn increase our procurement costs. According to the CIC Report, the average prices of seafood and meat all exhibited various degree of increment during the Track Record Period.

As we do not enter into long term contracts with our existing suppliers nor do we adopt any arrangement to hedge any fluctuation in the market price of food ingredients in relation to our purchases, we may not be able to anticipate and react to any potential price increase in food costs caused by exchange rate fluctuations, or we may be unwilling or unable to pass these cost increases onto our customers, and the failure of any of which could materially and adversely affect our profit margins, business and results of operations.

We may face inventory obsolescence risk.

As a restaurant operator, our raw materials mainly include food ingredients which have limited shelf life. Based on the experience of our executive Directors and senior management, sashimi, vegetables and milk products have a shelf life of approximately two days, fresh meat and frozen meat have a shelf life of approximately three days, desserts have a shelf life of approximately two to three days, and defrosted food shall be consumed on the same day. Although we monitor the quality and expiry dates of our inventory on a daily basis to prevent obsolescent stock, usage of our food ingredients is subject to various factors beyond our control, such as the varying popularity of the relevant dishes and number of customers at our restaurants. As such, there is no assurance that all of our food inventory can be fully utilised within its shelf life. As our business expands, our inventory level increases and our inventory obsolescence risk may also increase correspondingly with the increased purchase of inventories. Moreover, any unpredicted and adverse changes to the optimal storage conditions in our restaurants and workshops may expedite the deterioration of our inventories which in turn increases inventory obsolescence risk.

If our restaurant sites do not meet our expectations or the demographics or other characteristics of the surrounding area change adversely, our business and results of operations could be adversely affected.

All of our restaurants are situated at prime/populated locations in Hong Kong. There is no assurance that our restaurant sites will always commensurate with our site selection criteria as the characteristics or demographics of surrounding areas may change adversely in the future, which may result in reduced business at these sites. For example, the closure of public transportation system or the development of heavy construction or renovation works in surrounding areas may adversely affect the accessibility of our restaurants or reduce the pedestrian or vehicle flow in the area, resulting in reduced number of customer visits and potentially reduced sales at our restaurants. Meanwhile, we have no control over the mix and placement of tenants of the premises where our restaurants are located. Any substantial increase in the number and proximity level of competitors in these premises would intensify surrounding competition and could in turn affect our business performance. In these circumstances, we may wish to relocate our operations upon expiry of our existing leases or terminate leases early. However, we may not be able to locate new restaurant sites which are available on commercially acceptable terms. In such circumstances, our business and results of operations could be adversely affected.

Our overall financial position may be adversely affected by temporary suspension of our operations for restaurant refurbishment.

We believe the up-keeping of our dining environment and restaurant image form an important part of our customers' dining experience. To enhance the image and popularity of our restaurants, we may re-position the style of our restaurants by way of refurbishment of our restaurant premises and our operation of the relevant restaurants may be temporarily suspended. We intend to refurbish three existing restaurants, including Daimanki MK, Deluxe Daikiya TST and Joy Daikiya, by the year ending 31 March 2021 to reinforce and enhance our brand image and customers' dining experience. While we plan to minimise the impact of such refurbishment on our operation by implementing the refurbishment by stages, there is no assurance that the operation of our existing restaurants will continue to be successful to generate net profit sufficient to recoup the loss incurred by the temporary suspension of operations for those restaurants which undergo refurbishment. If our existing restaurants turn out to be not as profitable, our overall financial position may be adversely affected.

Our results of operations are susceptible to seasonal fluctuations.

Our results of operations may experience seasonal fluctuations. In general, we achieved higher sales from July to August during the summer vacation season and from December to February during festive seasons such as Christmas and New Year's Eve, with lower sales from September to November during post summer vacation seasons. Accordingly, the results of our operations may fluctuate significantly from period to period and a comparison of different periods may not be meaningful. Also, failure by us to implement measures which effectively counter the effects of seasonality could adversely affect our business and results of operations.

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

Our historical results may not be indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenues, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, special events, regulations or actions pertaining to restaurants based in Hong Kong and our ability to control costs and operating expenses. You should not rely on our historical results to predict the future performance of our Shares.

Our profitability is dependent upon the spending power of our target consumers and a decline of such spending power could adversely affect our business and results of operations.

During the Track Record Period, we targeted customers from family groups, the younger generation and white collar in Hong Kong, respectively, and the overall average spending per customer for our all-you-can-eat restaurants ranged from about HK$202 to HK$321. Our Directors anticipate that our revenue will continue to be primarily derived from customers with mid-to-high spending power in the foreseeable future. In view of the sensitivity of the spending power of our target customers to economic downturn and political and social instability, there is no assurance that our restaurants would perform in the manner that we expect under unfavourable economic, political and social conditions. Any economic downturn or political or social instability could adversely affect our business and results of operations.

Our continuing and future success depends on our key personnel and our business could be adversely affected if we lose their services or they are unable to successfully manage our growing operations.

Our continuing and future success depends heavily upon the continuing service and performance of our key management personnel, in particular our executive Directors and senior management personnel. We must continue to attract, retain and motivate an adequate number of qualified management and operating personnel, including executive chefs, head chefs and restaurant managers, to maintain consistency in the quality of our restaurants and realise our expansion plan. If any member of our key management personnel fails to collaborate successfully, or if one or more of them is unable to effectively implement our business strategies, we may be unable to expand our business at the pace or in the manner in which we expect. Qualified management team and operating personnel in the catering industry in Hong Kong are in short supply, and competition for qualified talents is keen. We may not be able to retain our existing key management and operating personnel or attract senior executives or key personnel in the future.

If any of our key personnel is unable or unwilling to continue their service with us, we may not be able to find a replacement easily or at all, and our business could be disrupted and our results of operations could be adversely affected. In addition, if any member of our key personnel joins a competitor or sets up a competing business, we may lose business secrets and knowhow as a result. Any failure to attract, retain and motivate these key personnel may harm our reputation and result in a loss of business of our Group.

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

As restaurant operations are highly service-oriented in general, our success depends in part upon our ability to attract, retain and motivate a sufficient number of qualified employees, including restaurant managers, chef and kitchen personnel and service personnel, all of whom are necessary for our daily operations. Given that qualified individuals with sufficient experience in the catering industry are in relatively short supply in Hong Kong, competition for these employees is intense and there is no assurance that we will not experience difficulties in recruiting staff in the future. Any failure to recruit and retain sufficient qualified employees could delay planned new restaurant openings, cause disruptions to our existing daily operations or lead to employee dissatisfaction, all of which could have an adverse effect on our business and results of operations.

In addition, competition for qualified employees could also require us to pay higher wages, which could result in higher labour costs. During the Track Record Period, our staff costs (employee benefits expenses and labour service charges) amounted to approximately HK$105.3 million, HK$146.1 million, HK$194.5 million and HK$68.3 million, respectively, representing approximately 19.0%, 20.5%, 23.2% and 25.9% of our total revenue during the respective year/period. It is expected that our labour costs will increase owing to the expected expansion of our business and the increase in the salary level of employees in the catering industry in Hong Kong. Due to the intense competition in the catering industry, we may be unable to pass the increased labour costs to our customers through raising our menu prices, in which case our profit margins could be adversely affected. Accordingly, any failure to attract qualified personnel at a desirable level of labour costs could adversely affect our business and results of operations.

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

We have previously been involved in certain non-compliance incidents such as non-compliance with certain Hong Kong statutory requirements in relation to licences and MPF obligations. For details and potential impact, see "Business — Legal Proceedings and Compliance — Legal and regulatory compliance" in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we had no non-compliances with food and health-related laws and regulations which subjected us to any material penalty. However, there is no assurance that we will not be subject to any material orders or claims or penalties in relation to food and health-related matters in the future. If any enforcement action is taken by the relevant authorities against us, we may be required to pay certain penalties and our Directors may be subject to imprisonment. Additionally, there is no assurance that our business, results of operations and prospects including but not limited to our reputation in the industry and our relationship with customers will not be materially adversely affected by such historical non-compliance incidents.

Our net current liabilities may expose us to certain liquidity risks and could constrain our operational flexibility as well as materially and adversely affect our ability to expand our business.

We recorded net current liabilities of approximately HK$1.9 million, HK$107.8 million, HK$24.4 million, HK$69.7 million and HK$72.8 million as at 31 March 2017, 2018 and 2019, 31 July 2019 and 30 November 2019, respectively. For details, see "Financial information — Liquidity and capital resources — Net current liabilities" in this prospectus. Our future liquidity will primarily depend on our ability to maintain adequate cash inflows from our operating activities and adequate external financing, which will be affected by our future operating performance, prevailing economic conditions, our financial, business and other factors, many of which are beyond our control. Net current liabilities may expose us to certain liquidity risks and could constrain our operational flexibility as well as materially and adversely affect our ability to expand our business.

The adoption of HKFRS 16 affected our statement of financial position, profile of profit and loss statement and certain key ratios (including gearing ratio) due to our operating lease arrangements.

As at the Latest Practicable Date, we leased 19 properties in Hong Kong. All of our restaurants, workshops and certain offices are operating on these leased properties. We also lease certain motor vehicles. Under HKFRS 16, which we have adopted since and throughout the entire Track Record Period, leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by us. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Our current accounting policy for such leases is set out in Note 2.22 of the Accountant's Report in Appendix I to this prospectus. As at 31 July 2019, our total lease liabilities amounted to approximately HK$196.4 million.

During the Track Record Period, our future operating lease commitments have been discounted and recognised as "lease liabilities" in our consolidated statements of financial position. HKFRS 16 "Leases" provides new provisions for the accounting treatment of leases and no longer allows lessees to recognise certain leases outside of the consolidated statement of financial position. Instead, for all leases with a term of more than 12 months, unless the underlying asset is of low value, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The adoption of HKFRS 16 affected virtually all commonly used financial ratios and performance metrics, such as total debt to equity ratio, gearing ratio, current ratio, quick ratio, interest coverage, return on assets, return on equity, EBIT, EBITDA, earnings per Share, operating cash flows and cash flows from financing activities. The recognition of right-of-use assets and lease liabilities expanded our consolidated statement of financial position and will materially affect our related financial ratios, resulted in an increase in total debt to equity ratio and a decrease in our net current assets, current ratio and quick ratio. For details of the impact to our Group's financial position, profit for the year, current liabilities and certain key financial ratios, see "Summary — Summary of Historical Combined Financial Information" in this prospectus. In our combined statements of comprehensive income, the adoption of HKFRS 16 gave rise to recognition of depreciation of the right-of-use assets, instead of recognition of lease payments as rental expenses. Depreciation expense associated with the right-of-use assets is charged over the life of the lease on a straight-line basis. Interest expenses on the lease liability are recorded under finance costs with reference to the incremental borrowing rate of the lessee and is expected to reduce over the life of the leases as lease payments are made. As a result, the rental expenses under otherwise identical circumstances decreased, while depreciation and interest expense increased and led to an increase in gearing ratio and decrease in interest coverage ratio. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability resulted in a change of expenses recognition pattern, in particular, a higher total charge to the statement of comprehensive income in the initial years of the lease, and decreasing expenses during the latter part of the lease term, and it led to a decrease in profit before tax in the initial years of the lease as a result. In particular, (i) our current ratio is reduced as a result of the recognition of the current portion of the lease liabilities; (ii) our interest coverage ratios are reduced as a result of the increase in interest expenses on lease liabilities; (iii) our returns on total assets are reduced as a result of the recognition of right-of-use assets; and (iv) our return on equity and gearing ratio are increased as a result of the change in profit and equity from adoption of HKFRS 16. For further information on the effects of the adoption of HKFRS 16, see "Financial Information — Significant Accounting Policies and Critical Estimates and Judgments — Early adoption of HKFRS 16 "Leases"" in this prospectus.

We may not be able to detect, deter or prevent all instances of fraud or other misconduct committed by our employees, suppliers or other third parties.

We receive and handle large amount of cash in our daily operations. For details, see "Business — Our Restaurant Operations and Management — Cash management and settlement" in this prospectus. There is no assurance that we will be able to detect, deter or prevent all instances of fraud, theft, dishonesty or other misconduct committed by our employees, suppliers or other third parties, in the future, or that there had been no fraud, theft, dishonesty, or other misconduct during the Track Record Period. Any such incident could have an adverse effect on our business and results of operations.

Any failure of our information technology system or breaches of our network security could interrupt our operations and adversely affect our business.

We have installed a computerised POS system at each of our restaurants independently for recording invoices, sales revenue and operating expenditure incurred by each of our restaurants. We rely on the POS system and network infrastructure to monitor the daily operations of our restaurants and to collect accurate up-to-date financial and operating data for business analysis. Any damage or failure of our computer system or network infrastructure which causes an interruption to our operations could have an adverse effect on our business and results of operations.

We also receive and maintain certain personal information about our customers when accepting credit cards for payment or through online reservations or customer feedback cards. If our network security is compromised and such information is stolen or obtained by unauthorised persons or used inappropriately, we may be held responsible for the leakage and become subject to litigation or other proceedings. Any such proceedings could distract our management from running our business and expose us to significant liabilities and cause us to incur unexpected losses and expenses. Consumer perception of our Group and our brands could also be negatively affected by these events, which could further adversely affect our business and results of operations.

We maintain limited insurance coverage.

During the Track Record Period, we have maintained insurance policies which we believe are customary for our business and are commensurate with the scale of our operations and standard commercial practice in Hong Kong. For details of the insurance policies we maintain, see "Business — Insurance" in this prospectus. Nevertheless, there are types of losses we may incur which cannot be insured against or that we believe are not commercially reasonable to be insured, such as loss of reputation. We are therefore exposed to risks associated with our business and operations including, but not limited to, accidents or injuries in our restaurants and our workshops which are beyond the scope of our insurance coverage, or other accidents for which we do not currently maintain insurance, loss of key personnel, business interruption, natural disasters, terrorist attacks and social instability or any other events beyond our control. If we were held liable for uninsured losses, our business and results of operations could be adversely affected.

Unforeseeable business interruptions could adversely affect our business operations.

Our operations are vulnerable to interruption by fires, floods, typhoons, hardware and software failures, computer viruses, power failures and shortages, terrorist attacks and other events beyond our control.

Our business is reliant on prompt delivery and transportation of our food ingredients and other supplies to our workshop and our restaurants. Certain events, such as adverse weather conditions, public assemblies, severe traffic accidents and labour strikes, could lead to delayed or lost deliveries of food supplies which may result in loss of revenue or claims by customers. Perishable food supplies, such as fresh or frozen food ingredients, may deteriorate due to delayed deliveries, malfunctioning of refrigeration facilities or poor handling during transportation. This could result in our failure to provide quality food and services to our customers, thereby adversely affecting our business and damaging our reputation.

Natural disasters such as floods, fires and earthquakes and terrorist attacks may lead to evacuations and other disruptions to our operations, which could also prevent us from providing quality food and services to our customers for an indefinite period of time, thereby adversely affecting our business and results of operations and damaging our reputation.

RISKS RELATING TO OUR INDUSTRY

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

The catering industry is susceptible to food contamination, food-borne illnesses, health epidemics and other outbreaks. There is no assurance that our internal controls and training will be completely effective in preventing all food-borne illnesses. Furthermore, our reliance on third-party suppliers of food ingredients and other supplies increases the risk that food contamination or food-borne illness incidents could be caused by such suppliers beyond our control and could affect multiple restaurants of our Group. New illnesses resistant to any precautions 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. Media reports of instances of food-borne illnesses could, if highly publicised, adversely affect our entire industry and us in particular, impacting our restaurant sales, forcing the closure of some of our restaurants and conceivably having a significant impact on our results of operations. This risk exists even if it were eventually determined that the illness in fact was not caused by our restaurants. Furthermore, other illnesses, such as hand, foot and mouth disease, could adversely affect the supply of some of our important food ingredients and significantly increase our procurement costs.

We also face risks related to health epidemics. Past occurrences of epidemics or pandemics, depending on their scale of occurrence, have caused different degrees of damage to the economy in Hong Kong. For example, in 2003, certain Asian countries and regions, including Hong Kong, encountered an outbreak of Severe Acute Respiratory Syndrome ("**SARS**"), a highly contagious form of atypical pneumonia. In 2013 and 2014, human infected cases of influenza A (H7N9) were discovered in Hong Kong. A recurrence of SARS or an outbreak of any other epidemics or pandemics, including without limitation, influenza and avian flu, in the areas where we have restaurants may result in quarantines, temporary closures of our restaurants, travel restrictions or the illness or death of key personnel and our customers. Any of the above may cause material decline in number of customer visits and disruptions to our operations, which in turn could materially adversely affect our business and results of operations.

The restaurant business may be subject to increasingly stringent licensing requirements, environmental protection laws and hygiene standards, which could increase our operating costs.

We are required to obtain a number of licences, approvals and permits for our restaurant operations. We are also required to comply with certain environmental protection laws. The licensing requirements and environmental protection laws for our restaurant operations in Hong Kong may become more stringent in the future. Also, there is no assurance that we could obtain or renew all the required licences, approvals and permits for our restaurant operations in a timely manner or at all.

In addition, if the relevant government authority concludes that any of our restaurants is unable to meet the required hygiene standards or that we fail to comply with any of the conditions attached to our licences, approvals or permits, we may be required to take steps to comply with the relevant laws and regulations or may result in revocation of our licences, approvals or permits or suspension of the operations of the relevant restaurant. Any failure to comply with existing laws, or future legislative changes, could cause us to incur significant compliance costs or expenses or result in imposition of fines or penalties against us or suspension of some or all of our business, which could materially adversely affect our financial condition and results of operations.

Macro-economic factors have had and may continue to have a material adverse effect upon our business, financial condition and results of operations.

The catering industry in Hong Kong is affected by macro-economic factors, including changes in international, national, regional and local economic conditions, employment levels, visitor arrivals and spending power of our target customers. In particular, our results of operations are closely affected by the macro-economic conditions in Hong Kong. Any deterioration of the economy in Hong Kong, decrease in disposable income of consumers, fear of a recession and decrease in consumer confidence may lead to a reduction in number of customer visits and average spending per customer at our restaurants, which could materially adversely affect our financial condition and results of operations.

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

Keen competition in the catering industry in Hong Kong could have a material adverse effect on our future growth and profitability.

The catering industry in Hong Kong is highly competitive. Key competitive factors in the industry include type of cuisine, food choice, food quality and consistency, quality of service, price, dining experience, restaurant location and the ambiance of the restaurant.

There is a large number of restaurants in Hong Kong that specialise in Japanese cuisines, and players in this market include locally-owned restaurants and regional and international chains.

The level of competition that we face could have a material adverse effect on our Group's future growth and profitability if we are not able to maintain our competitive edge and distinguish our restaurants from those of our competitors. Our competitors may develop new restaurants that operate along the same concepts that are similar to those we operate or intend to operate.

Any inability to successfully compete with other restaurants in our market segments may prevent us from increasing or sustaining our revenues and profitability and cause us to lose market share, which could have a material adverse effect on our business, financial condition or results of operations. We may also need to modify or refine elements of our food offerings to evolve our concepts in order to compete with popular new restaurant styles or concepts that develop from time to time. There is no assurance that we will be successful in implementing these modifications or that these modifications will have the intended effect.

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

Salary levels of employees in the catering industry in Hong Kong have been on the rise in recent years. During the Track Record Period, our staff costs (employee benefits expenses and labour service charges) amounted to HK$105.3 million, HK$146.1 million, HK$194.5 million and HK$68.3 million, respectively, representing 19.0%, 20.5%, 23.2% and 25.9% of our total revenue, respectively, of the corresponding year/period. Our operations in Hong Kong are required to comply with the statutory minimum wage requirements, which came into force on 1 May 2011. The initial statutory minimum wage rate was HK$28 per hour. The statutory minimum wage rate was regularly reviewed and has been increased in the past. Since 1 May 2019, the statutory minimum wage rate has been HK$37.5 per hour.

If there is any further increase in the statutory minimum wage rate, 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 increase in our staff costs. Given the competitive market environment in Hong Kong, we may not be able to pass all of these increased staff costs onto our customers, in which case our business and results of operations could be materially adversely affected.

RISKS RELATING TO THE SHARE OFFER

There has been no prior public market for our Shares and an active trading market for our Shares may not develop or be sustained.

Prior to the Share Offer, no public market for our Shares existed. Following the completion of the Share Offer, the Stock Exchange will be the only market on which the Shares are publicly traded. There is no assurance that an active trading market for our Shares will develop or be sustained after the Share Offer.

In addition, there is no assurance that our Shares will be traded in the public market subsequent to the Share Offer at or above the Offer Price. The Offer Price for the Shares is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us, and may not be indicative of the market price of the Shares following the completion of the Share Offer. If an active trading market for our Shares does not develop or is not sustained after the Share Offer, the market price and liquidity of Shares could be materially adversely affected.

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

The trading prices of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world. In particular, the trading price performance of other restaurant operators based in Hong Kong may affect the trading price of our Shares. Various broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow could cause the market price of our Shares to change substantially. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

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

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

The Shares owned by our Controlling Shareholders are subject to certain lock-up periods. There is no assurance that they will not dispose of these Shares following the expiration of the lock-up periods, or any Shares they may come to own in the future. We cannot predict what effect, if any, significant future sale will have on the market price of our Shares.

There may be a dilutive effect on the earnings per Share associated with the Share Option Scheme.

We have adopted the Share Option Scheme, details of which are set out in "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus. Issuance of Shares pursuant to the exercise of options to be granted under the Share Option Scheme will result in an increase in the number of Shares in issue after the issuance and thereby will cause dilution to the percentage of ownership of the existing Shareholders, the earnings per Share, and net asset per Share.

Certain statistics and forecasts in this prospectus were derived from third party sources and have not been independently verified.

This prospectus includes certain statistics and facts that have been extracted from official government sources and publications or other sources and we cannot guarantee neither the quality nor the reliability of such source material. They have not been prepared or independently verified by us, the Sole Sponsor, the Underwriters or any of its or their respective affiliates or advisers, and therefore we take no representation as to the accuracy of such facts and statistics. In addition, the "Industry Overview" section of this prospectus contains certain forecast data which were based on certain assumptions which, by their nature, are subjective and uncertain. We cannot guarantee the accuracy or adequacy of such assumptions and accordingly, the forecast data. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place, on such facts, statistics and forecasts in this prospectus.

There are risks associated with the forward-looking statements contained in this prospectus.

This prospectus contains certain forward-looking statements and information relating to us and the subsidiaries comprising our Group, which are based on the beliefs of our management as well as assumptions made by and information currently available to our management. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus.

Prospective investors should not rely on any information contained in press articles or other media regarding our Group and the Share Offer.

Prior to the publication of this prospectus, there may be certain press and media coverage regarding our Group and the Share Offer which may include certain information relating to business operations, financial information, industry comparisons and other information about our Group that does not appear in this prospectus. We did not authorise the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Prospective investors should not rely on any such information and should only rely on information included in this prospectus in making any investment decision.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, 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 to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, 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 this prospectus or any statement herein misleading.

THIS HONG KONG PUBLIC OFFER AND THIS PROSPECTUS

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

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

STRUCTURE OF THE SHARE OFFER AND UNDERWRITING

See "Structure of the Share Offer" in this prospectus for details of the structure of the Share Offer, including its conditions and the arrangements relating to the Over-allotment Option and stabilisation.

The Listing is sponsored by the Alliance Capital. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on the Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us. The Share Offer is managed by the Sole Global Coordinator. If, for any reason, the Offer Price is not agreed, the Share Offer will not proceed and will lapse. See "Underwriting" in this prospectus for details of the Underwriters and the underwriting arrangements.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

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

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. Accordingly, without limitation to the following, 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 of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee of the Stock Exchange for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Share Offer (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and Shares which may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme. Dealings in the Shares on the Stock Exchange are expected to commence on Friday, 14 February 2020.

Save as disclosed in this prospectus, no part of our share capital 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.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares on the Stock Exchange and we complying with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued by us pursuant to applications made in the Hong Kong Public Offer will be registered on our branch register of members to be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by our principal registrar, Estera Trust (Cayman) Limited, in the Cayman Islands.

No stamp duty is payable by applicants in the Share Offer.

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

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Shares. None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, our Shares.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, facilities, certificates, titles and the like, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the name(s) in Chinese shall prevail.

ROUNDING

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.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Lam On Yin (林安然先生)	Flat C, 10/F Tower 7, Ultima 23 Fat Kwong Street Ho Man Tin Kowloon, Hong Kong	Chinese
Mr. Lo Tang Fei (盧騰飛先生)	Flat 2615 Kwong Lung House Kwong Ming Court Tseung Kwan O New Territories, Hong Kong	Chinese
Independent non-executive Directors		
Mr. Yu Hin Yin (余軒然先生)	Flat 18A, Tower 6 Island Harbourview Tai Kok Tsui Kowloon, Hong Kong	Canadian
Mr. Ng Chi Keung (吳志強先生)	House 85 & 87, Section M 6th Street, Fairview Park Yuen Long, New Territories Hong Kong	Chinese
Mr. Chan Oi Fat (陳愛發先生)	Flat SA, 10/F, Block 1 Phase 3, Festival City Tai Wai, New Territories Hong Kong	Chinese

For further information regarding our Directors, please refer to "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE SHARE OFFER

Party	Name and Address
Sole Sponsor	**Alliance Capital Partners Limited** *A licensed corporation registered under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO* Room 1502–03A Wing On House 71 Des Voeux Road Central Central Hong Kong
Sole Global Coordinator	**Alliance Capital Partners Limited** Room 1502–03A Wing On House 71 Des Voeux Road Central Central Hong Kong

Party	Name and Address
Joint Bookrunners	**Alliance Capital Partners Limited** Room 1502–03A Wing On House 71 Des Voeux Road Central Central Hong Kong
	SBI China Capital Financial Services Limited 4/F, Henley Building 5 Queen's Road Central Central Hong Kong
	CMBC Securities Company Limited 45/F, One Exchange Square 8 Connaught Place Central Hong Kong
	Valuable Capital Limited Room 2808, 28/F China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Hong Kong
	SPDB International Capital Limited 33/F, SPD Bank Tower One Hennessy 1 Hennessy Road Hong Kong
	Zhongtai International Securities Limited 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Central Hong Kong

Party	Name and Address
Joint Lead Managers	**Caitong International Securities Company Limited** Unit 2401–03, 24/F Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	China Investment Securities International Brokerage Limited Level 17 Three Pacific Place 1 Queen's Road East Hong Kong
	Fulbright Securities Limited 33/F, Cosco Tower Grand Millennium Plaza 183 Queen's Road Central Hong Kong
	Excellent Success Investments Limited 22/F, China Overseas Building 139 Hennessy Road Wanchai Hong Kong
	Jinghui Capital Limited Room 2703 27/F, Hysan Place 500 Hennessy Road Causeway Bay Hong Kong
	Pulsar Capital Limited Unit 318, 3/F Shui On Centre 6–8 Harbour Road Wanchai Hong Kong

Party	Name and Address
Legal advisers to our Company	*As to Hong Kong law:* **Fairbairn Catley Low & Kong** 23/F, Shui On Centre 6-8 Harbour Road Wan Chai Hong Kong *As to Cayman Islands law:* **Appleby** 2206–19 Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Sole Sponsor and Underwriters	*As to Hong Kong law:* **Kwok Yih & Chan** Suite 2103–5, 21/F 9 Queen's Road Central Central Hong Kong
Auditor and reporting accountant	**PricewaterhouseCoopers** 22/F, Prince's Building Central Hong Kong
Tax consultant	**Russell Bedford Hong Kong** Room 1708, Dominion Centre 43–59 Queen's Road East Wan Chai Hong Kong
Valuer	**Royson Valuation Advisory Limited** Unit 1806, 18/F The L. Plaza 367–375 Queen's Road Central Hong Kong

Party	Name and Address
Industry consultant	**China Insights Industry Consultancy Limited** 10th Floor, Tomorrow Square 399 West Nanjing Road Huangpu District Shanghai China 200003
Legal Counsel	Mr. Poon, Billy C.K. Room 1406, China Insurance Group Building 141 Des Voeux Road Central Hong Kong
Receiving banks	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong
	Bank of Communications (Hong Kong) Limited Unit B B/F & G/F Unit C G/F, 1–3/F 16/F Room 01 & 18/F Wheelock House 20 Pedder Street Central Hong Kong

Registered office in the Cayman Islands	PO Box 1350 Clifton House, 75 Fort Street Grand Cayman KY1–1108 Cayman Islands
Headquarters and principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Unit B18, 11/F, Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong
Company secretary	Ms. Tse Ka Wing (謝嘉穎女士) *(BBA (Hons), HKICPA (Practising), ACIS, ACS)* Flat 704, Block F Chun Tai House Ching Tai Court Tsing Yi, New Territories Hong Kong
Authorised representatives (for the purpose of the Listing Rules)	Ms. Tse Ka Wing Flat 704, Block F Chun Tai House Ching Tai Court Tsing Yi, New Territories Hong Kong
	Mr. Lam On Yin Flat C, 10/F Tower 7, Ultima 23 Fat Kwong Street Ho Man Tin Kowloon, Hong Kong
Audit committee	Mr. Chan Oi Fat *(chairman)* Mr. Ng Chi Keung Mr. Yu Hin Yin
Remuneration committee	Mr. Lam On Yin *(chairman)* Mr. Chan Oi Fat Mr. Yu Hin Yin
Nomination committee	Mr. Lam On Yin *(chairman)* Mr. Chan Oi Fat Mr. Yu Hin Yin

Compliance adviser	**Alliance Capital Partners Limited** *A licensed corporation registered under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO* Room 1502–03A Wing On House 71 Des Voeux Road Central Central Hong Kong
Cayman Islands principal share registrar and transfer office	**Estera Trust (Cayman) Limited** PO Box 1350 Clifton House, 75 Fort Street Grand Cayman KY1–1108 Cayman Islands
Hong Kong branch share registrar and transfer office	**Tricor Investor Services Limited** Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Principal bank	**Bank of China (Hong Kong) Limited** Bank of China Tower 1 Garden Road Hong Kong
Company's website	***www.daikiya.hk*** *(information on the website does not form part of this prospectus)*

The information presented in this and other sections of this prospectus, including certain facts, statistics, and data, is extracted from the CIC Report as issued by CIC, which was commissioned by us and based on various official government publications and other publicly available sources, unless otherwise indicated. We believe that the sources of such information are appropriate and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. The information and statistics included herein have not been independently verified by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, or representatives, or any other person or party (except CIC) involved in the Share Offer, and no representation is given as to its accuracy, completeness, or fairness of such information. Accordingly, such information should not be unduly relied upon.

SOURCE OF INFORMATION

We commissioned CIC, an independent market research and consulting company founded in Hong Kong and engaging in the provision of professional consulting services across multiple industries, to conduct an analysis of and report on the Japanese restaurant market in Hong Kong. We have agreed to pay a total of HK$460,000 fees for the preparation of the CIC Report.

The information and data collected by CIC have been analysed, assessed, and validated using CIC's in-house analysis models and techniques. Primary research was conducted via interviews with key industry experts and leading industry participants in the Japanese restaurant market in Hong Kong. Secondary research involved analysing market data obtained from several publicly available data sources, such as Hong Kong Census and Statistics Department, company annual reports and CIC's internal database. The methodology used by CIC is based on analysing information gathered from multiple levels and ensures that this information is cross-referenced for reliability and accuracy.

ASSUMPTIONS

The CIC Report contains a variety of market projections which were produced with the following key assumptions: (i) the overall social, economic, and political environment in Hong Kong is expected to remain stable during the forecast period; (ii) related key industry drivers are likely to propel continued growth in Hong Kong's Japanese restaurant market throughout the forecast period including the development of the tourism industry and increasing number of tourists, the increasing popularity of Japanese culture, the increasingly popular awareness of healthy diet, deeper penetration of smart hardware and software to improve efficiency, the increasing social gatherings among families and friends, the enhanced penetration rate of social media; and, (iii) there is no extreme force majeure or unforeseen industry regulations that will affect the market either dramatically or fundamentally. CIC believes that the assumptions used in preparing the CIC Report, including those used to make future projections, are factual, correct, and not misleading. The reliability of the CIC Report may be affected by the accuracy of the foregoing assumption and factors as well as the choice of primary and secondary sources.

Our Directors confirm that after taking reasonable enquiries, there had been no material adverse change in the market information subsequent to the date of the CIC Report which may qualify, contradict, or have an impact on the information set out in this section. Except otherwise mentioned, all data and forecasts contained in this section are extracted from the CIC Report. The "Forecast Period" refers to the period from 2019 to 2023.

OVERVIEW OF THE CATERING INDUSTRY IN HONG KONG, BY CUISINE TYPE

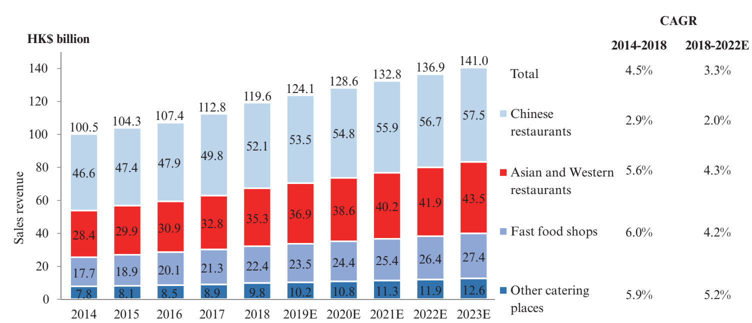
The catering industry in Hong Kong refers to the commercial activities of providing food and beverages, consumption sites, and facilities for customers. According to the Hong Kong Standard Industrial Classification, the establishments providing catering services in Hong Kong can be categorised into five segments, including 1) Chinese restaurants, 2) Asian and Western restaurants, 3) fast food shops, 4) bars, and 5) other eating and drinking places such as coffee shops.

Based on cuisine type, Asian and Western restaurant market can be further categorised into Japanese restaurant market, Korean restaurant market, Western restaurant market, and other Asian restaurant market. Japanese restaurants are considered to be one of the most important catering places and are becoming increasingly popular among Hong Kong residents and tourists in Hong Kong.

Market size of the catering industry in Hong Kong

Total revenue of Hong Kong's catering industry grew steadily from approximately HK$100.5 billion in 2014 to approximately HK$119.6 billion in 2018, representing a CAGR of approximately 4.5% between 2014 and 2018. Driven by the robust growth of per capita disposable income as well as positive outlook of the tourism industry, Hong Kong's catering industry is expected to continue growing at a CAGR of approximately 3.3%, reaching approximately HK$141.0 billion by 2023.

Market size of the catering industry in terms of revenue in Hong Kong, 2014–2023E



Note: Other catering places include bars, dessert shops, ice cream houses, fruit juice shops, coffee shops, etc.
Source: *Hong Kong Census and Statistics Department, and CIC report*

From 2014 to 2018, the size of Asian and Western restaurant market increased from approximately HK$28.4 billion to approximately HK$35.3 billion in terms of total revenue, representing a CAGR of 5.6%. With the continuous growth of the number of Asian and Western restaurants, along with expanding revenue per restaurant, the revenue of Asian and Western restaurants is expected to continue expanding to reach approximately HK$43.5 billion by 2023, with a CAGR of approximately 4.3% between 2018 and 2023.

Influenced by Japanese culture, Japanese cuisine restaurants have been increasingly popular in Hong Kong's catering industry. As of 2018, Japanese restaurants occupied a market size of approximately 68.5% of the Asian restaurant market in terms of total revenue, which made Japanese cuisine to be the dominant Asian cuisine type in the Hong Kong catering industry. Serving a variety of Japanese dishes, Japanese all-you-can-eat restaurant market accounted for a market size of approximately 20.0% of Hong Kong's Japanese restaurant market in terms of total revenue in 2018, while Japanese a-la-carte restaurants accounted for a market size of approximately 42.6%.

JAPANESE RESTAURANT MARKET IN HONG KONG

Overview and categorisation of Japanese restaurants in Hong Kong

Japanese restaurant is one of the major categories in the Asian and Western restaurant market in Hong Kong. Japanese a-la-carte restaurants, Japanese all-you-can-eat restaurants, izakayas, and ramen shops are the four major types of Japanese restaurants in Hong Kong.

The table below presents a comparison of different categorisations of four types of major Japanese restaurants in Hong Kong:

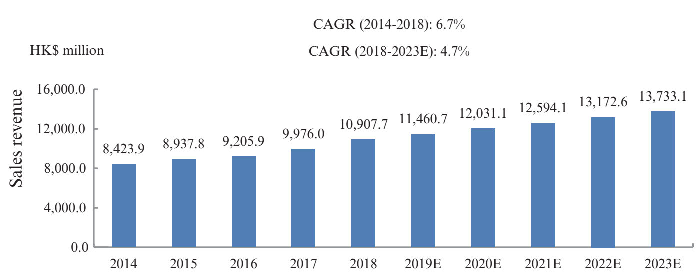
	Japanese a-la-carte restaurants	Japanese all-you-can-eat restaurants	Izakaya	Ramen shop
Description	• Japanese a-la-carte restaurants refer to restaurants where waiters take orders from customers and serve food to the customer's table.	• Japanese all-you-can-eat restaurants refer to restaurants where customers can continue ordering as much food and drink as they want for a fixed price per person, usually within a period of time of about two or three hours.	• Izakaya originated in sake shops in Japan. Nowadays, it is a casual place where customers can have a couple of drinks and some tasty but inexpensive food.	• Ramen shops refer to restaurants that specialise in providing Japanese ramen dishes.
Service type	• Great dining ambience • Full table service	• Basic table service	• Basic table service	• Limited table service
Per capita spending	• Fine dining: HK$401–800 • Casual dining: HK$100–250	• HK$201–400	• HK$101–300	• HK$51–100

Source: *CIC report*

Market size of the Japanese restaurant market in Hong Kong

The market size of the Japanese restaurant market in Hong Kong in terms of revenue grew from approximately HK$8,423.9 million in 2014 to approximately HK$10,907.7 million in 2018, representing a CAGR of approximately 6.7%. As consumers continue to value healthy food and pursue higher quality dining experiences, the Japanese restaurant market is expected to continue expanding and reach approximately HK$13,733.1 million by 2023, representing a CAGR of approximately 4.7%.

Market size of the Japanese restaurant market in terms of revenue in Hong Kong, 2014–2023E

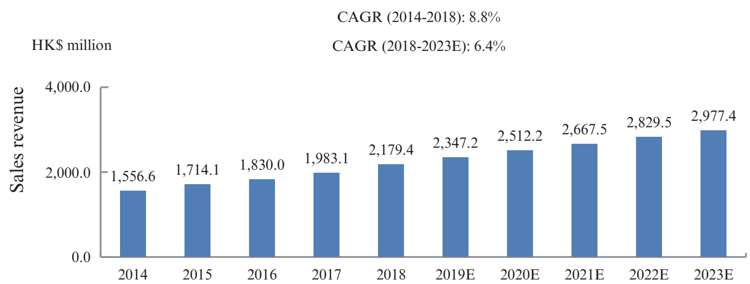


Source: *CIC report*

Market size of the Japanese all-you-can-eat restaurant market in Hong Kong

Growing from approximately HK$1,556.6 million to approximately HK$2,179.4 million between 2014 and 2018, the revenue of the Japanese all-you-can-eat restaurant market grew at a CAGR of approximately 8.8%. From 2018 to 2023, this trend is expected to increase as Japanese all-you-can-eat restaurants will continue to be the most popular type of Japanese restaurant due to the fact that customers can enjoy a wide variety of delectable dishes based on personal preferences as well as the unlimited refills during the dining period. The revenue of the Japanese all-you-can-eat restaurant market is expected to expand and reach approximately HK$2,977.4 million by 2023, representing a CAGR of approximately 6.4% between 2018 and 2023.

Market size of the Japanese all-you-can-eat restaurant market in terms of revenue in Hong Kong, 2014–2023E

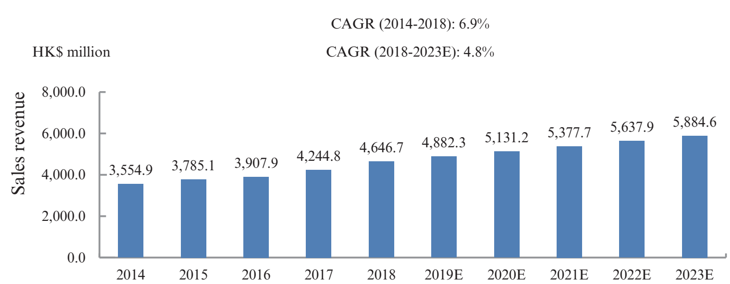


Source: *CIC report*

Market size of the Japanese a-la-carte restaurant market in Hong Kong

Between 2014 and 2018, the revenue of Japanese a-la-carte restaurant market expanded from approximately HK$3,554.9 million to approximately HK$4,646.7 million, representing a CAGR of approximately 6.9%. As Japanese cuisine receives wider acceptance and per capita income in Hong Kong continues to grow, the revenue of Japanese a-la-carte restaurant market is expected to increase further and reach approximately HK$5,884.6 million by 2023, representing a CAGR of approximately 4.8% between 2018 and 2023.

Market size of the Japanese a-la-carte restaurant market in terms of revenue in Hong Kong, 2014–2023E



Source: *CIC report*

Market drivers of the Japanese (both a-la-carte and all-you-can-eat) restaurant market in Hong Kong

1) ***Increasing popularity of Japanese culture:*** Japanese culture has a significant influence among Hong Kong citizens. The number of Hong Kong visitors to Japan increased from approximately 926.0 thousand in 2014 to approximately 2,207.8 thousand in 2018, representing a CAGR of approximately 24.3%. Continually influenced by Japanese animation, TV shows, and games, it is expected that the number of Hong Kong visitors to Japan will continue increasing to approximately 3,587.0 thousand by 2023, with a CAGR of approximately 10.2% between 2018 and 2023. As food is one of the most important components of culture, the increasing popularity of Japan's culture is expected to propel the development of Hong Kong's Japanese restaurant market.

2) ***Development of tourism industry and increasing number of tourists:*** The customer groups of Japanese restaurants include both local residents and tourists to Hong Kong. The number of local residents is expected to remain relatively stable in the following years, while the number of tourists is expected to gradually increase along with the opening of the Hong Kong-Zhuhai-Macau Bridge and the development of the Guangdong-Hong Kong-Macau Greater Bay Area. From 2018 to 2023, the number of tourists is expected to continue

increasing to reach 89.4 million by 2023, representing a CAGR of approximately 6.5%. The potentially large flow of tourists will generate new customers to bring future growth opportunities for Hong Kong's Japanese restaurant market.

3) ***Enhanced penetration rate of social media:*** The increasing prevalence of social media provides a new growth opportunity for Hong Kong's Japanese restaurants. Social media allows Japanese restaurants to tap into a much larger customer group than traditional marketing channels. Meanwhile, Japanese restaurants operators are able to actively utilise social media to gather information regarding the consumers' profile which will assist in customising messages to specific consumers as well as revenue management.

4) ***Increasing social gatherings among families and friends:*** Residents in Hong Kong would prefer to be engaged in more social gatherings with friends and families during their spare time to ease their working pressures and enhance their networking potential. Japanese restaurants are great dining places for this kind of social gathering considering their well-designed dining environment, high quality food ingredients, and their appealing taste for mass consumers. Hence, the increasing social gatherings in Hong Kong will propel the development of Hong Kong's Japanese restaurant market.

5) ***Increasingly popular awareness of healthy diet:*** A growing proportion of customers are regarding healthy diets as being key to a good lifestyle and they are therefore paying more attention to the whole dining experience. Famous for its high quality fresh ingredients, strictly controlled cooking processes, and profound cultural background, Japanese cuisine is expected to win more customer preferences in the near future.

Future trends of the Japanese (both a-la-carte and all-you-can-eat) restaurant market in Hong Kong

1) ***Geographical expansion:*** With the advancement of the new development areas projects in Hong Kong, an increasing number of Japanese restaurants are expected to expand their coverage to include newly-developed areas in order to enjoy a first-mover advantage by establishing their brands early and developing close relationships with local customers residing nearby.

2) ***Increasing provision of specialised food:*** The competition in the Japanese restaurant market is intensifying with more Japanese restaurants opening. More segmented restaurants which focus on offering specialised food such as Japanese hot pot, barbecue, sushi, and Japanese ramen, etc. are expected to appear in order to seize the niche markets.

3) ***Increasing market consolidation:*** The number of chain restaurants is expected to expand faster in comparison with non-chain restaurants, as these chain restaurants are more likely to benefit from lower operating costs and stronger brand recognition. Individual restaurants may find it increasingly more difficult to compete with chain restaurants, as the costs associated with inflation are expected to continue increasing in the future. Therefore, it is expected that there will be an increasing consolidation in the Japanese restaurant market.

4) ***Increasing attractiveness for the young generations:*** Japanese food possesses a profound cultural background. As the younger generations, especially people born after 1990s, have been exposed to Japanese animation, games, and drama etc. since their childhood, they tend to have a more open attitude towards Japanese food. Thus Japanese restaurants are more attractive for the younger generations.

COMPETITIVE LANDSCAPE

Competitive landscape of the Japanese restaurant market in Hong Kong

The Japanese restaurant market in Hong Kong is relatively concentrated, with the leading five players accounting for approximately 41.4% share of the market in terms of revenue in 2018. Our Company, with 14 Japanese restaurants in operation as during 2018, ranked the second in the market in terms of revenue. In 2018, Our Company had approximately 7.7% of the market share.

Ranking of major players in the Japanese restaurant market in terms of revenue in Hong Kong, 2018 *(Note 1)*

Ranking	Company	Types of services offered	Number of restaurants	Revenue (HK$ million)	Market share
1	Company A	• A-la-carte	98	2,194.2	20.1%
2	**Our Company**	• A-la-carte • All-you-can-eat	**14**	**834.8** *(Note 2)*	**7.7%**
3	Company B	• A-la-carte • All-you-can-eat	30	627.6	5.8%
4	Company C	• A-la-carte	33	549.4	5.0%
5	Company D	• All-you-can-eat	4–5	300.9	2.8%
	Sub-total			4,506.9	41.4%
	Other participants			6,400.8	58.6%
	Total			10,907.7	100.0%

Note 1: Year 2018 refers to calendar year starting from 1 January 2018 to 31 December 2018.

Note 2: Revenue of our Company for year 2018 is based on unaudited management amount from 1 January 2018 to 31 December 2018.

Source: CIC report

Competitive landscape of the Japanese all-you-can-eat restaurant market in Hong Kong

The Japanese all-you-can-eat restaurant market in Hong Kong is relatively concentrated, with the leading five players accounting for approximately 72.5% of the market share in terms of revenue as of 2018. Our Company, with 13 Japanese all-you-can-eat restaurants in operation during 2018, ranked first in the market with revenue of HK$808.4 million and a market share of approximately 37.1%.

Ranking of major players in the Japanese all-you-can-eat restaurant market in terms of revenue in Hong Kong, 2018 *(Note 1)*

Ranking	Company	Number of all-you-can-eat restaurants	Revenue (HK$ million)	Market share
1	**Our Company**	**13**	**808.4** *(Note 2)*	**37.1%**
2	Company D	4–5	300.9	13.8%
3	Company B	11	209.4	9.6%
4	Company E	7	154.2	7.1%
5	Company F	5	107.4	4.9%
	Sub-total		1,580.3	72.5%
	Other participants		599.1	27.5%
	Total		2,179.4	100.0%

Note:

1. Year 2018 refers to calendar year starting from 1 January 2018 to 31 December 2018.
2. Revenue of our Company for year 2018 is based on unaudited management amount from 1 January 2018 to 31 December 2018.

Source: CIC report

Entry barriers of the Japanese (both a-la-carte and all-you-can-eat) restaurant market in Hong Kong

1) ***Licence for operating the restaurant business:*** Any person operating a Japanese restaurant in Hong Kong is required to obtain a general restaurant licence issued by the FEHD before commencing business. For Japanese restaurants operators, the endorsement for selling restricted food under the general restaurant licence must be obtained from the FEHD for food business which involves the sale of sushi and sashimi. In addition, a licence for the sale of liquor is required from the LLB. Given the stringent application requirements, it is difficult and time-consuming for new restaurant operators to obtain such licences and endorsement, which acts as a barrier for newcomers entering the market.

2) ***Large initial capital investment:*** Renting retail properties, hiring labours, and purchasing raw materials and equipment, all require large amount of capital. New entrants without sufficient initial capital may find it difficult to start a Japanese restaurant business.

3) ***Brand and reputation:*** Brand and reputation are key indicators for customers in choosing Japanese restaurants. A reputable brand is built up through the ability to provide high quality food, fast turnaround services, good word-of-mouth, and years of accumulated customer experience. Considering that existing market participants may have already established their brands and acquired loyal customer bases, new entrants with newly established brands may find it hard to win customers over in the short term.

4) ***Location:*** The advantages of opening a restaurant in busy areas include improved revenue and increased marketing exposure. Since existing market participants have already taken up advantageous locations, such as shopping malls and places with a high flow of customers, new entrants may find it difficult to acquire such locations.

5) ***Recruitment of chefs:*** Japanese restaurants depend more on the cooking skills of chefs than other types of restaurants. Recruitment of chefs and the standardisation of cooking procedures is a key entry barrier for new entrants. Moreover, management of staff turnover rate is difficult for new entrants with no experience.

Key success factors of the Japanese (both a-la-carte and all-you-can-eat) restaurant market in Hong Kong

1) ***Understanding of Japanese food culture and local customers' taste:*** Food offered in Japanese restaurants in Hong Kong is originated from Japan and adapted with current food fads to suit the taste of local customers. Existing market participants who have a comprehensive understanding of Japanese food culture and local customers' tastes can provide innovative, fresh, and delicious dishes to customers, which will help the restaurant to acquire a high reputation in the market.

2) ***Advantageous location:*** A prime location with high pedestrian traffic allows the restaurant to reach wider customer groups, which in turn brings higher revenue for the restaurant. Therefore, location remains an important factor for the performance of existing Japanese restaurants.

3) ***Clean and tidy dining environment:*** A clean and tidy dining environment is as important as the taste when considering the factors which contribute to the success of a Japanese restaurant business. As customers are increasingly concerned about the hygiene of dining places, a clean and tidy dining environment enhances the customer's dining experience, and thus wins customer trust and encourages repeat business.

4) ***Effective cost control and management:*** High labour wages, high rental costs, and the rising costs of raw materials have resulted in higher operating costs for Japanese restaurants operators in Hong Kong. Thus, Japanese restaurants operators who can control costs, achieve economies of scale, and manage operations in a more cost effective and efficient way are more likely to withstand competition and succeed in the market.

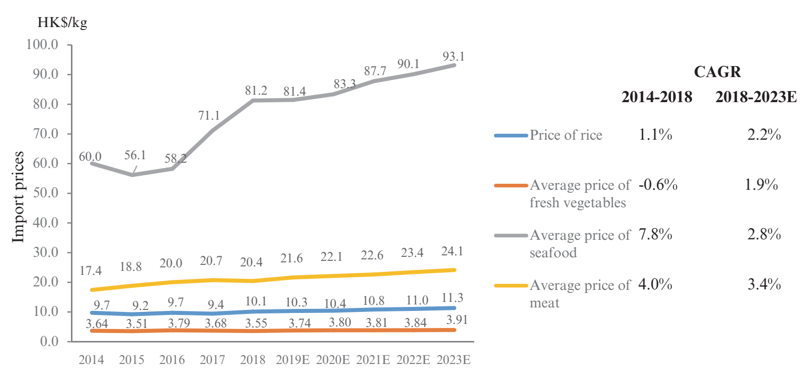
5) ***Stable supply of food ingredient and highly qualified chefs:*** Raw food ingredients of food supply and cooking skills of chefs are the key factors to competitiveness of Japanese restaurants. Japanese restaurants have to ensure the quality and freshness of the raw food ingredients they used due to the fact that they normally serve fresh food with simple cooking processes to customers such as sushi and sashimi. Japanese restaurants operators who are engaged in a long-term and stable relationships with leading raw material suppliers can ensure a stable supply of fresh and high quality raw food ingredients. Chefs, who are the soul of a restaurant, not only ensure the quality of the dishes, but also develop new dishes. The cooking skills of chefs determine the quality and the word of mouth of the restaurants.

Major food ingredients cost analysis of the Japanese restaurant market in Hong Kong

As an import-reliant area, almost all raw materials consumed by Japanese restaurant in Hong Kong are imported from Mainland China, Japan, Norway and other countries. The prices are therefore exposed to the fluctuations in exchange rates and global supply.

The following chart presents the historical and forecast prices of major food ingredients in Hong Kong.

Average import prices of major food ingredients in Hong Kong, 2014–2023E



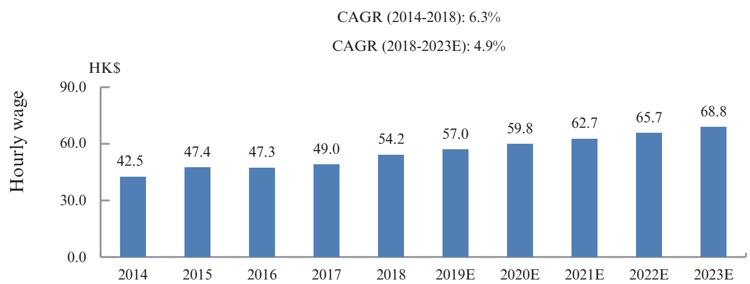
Note: The average price of fresh vegetables refers to the weighted average price for cabbage, tomatoes, and lettuce. The average price of seafood refers to the weighted average price for salmon, shrimp, and mackerel. The average price of meat refers to the weighted average price for fresh or chilled bovine animals, sheep, swine, and poultry.

Source: Hong Kong Census and Statistics Department, and CIC report

Labour cost analysis of the Japanese restaurant market in Hong Kong

The median hourly wage in Hong Kong's Japanese restaurants grew from approximately HK$42.5 per hour in 2014 to approximately HK$54.2 per hour in 2018, with a CAGR of approximately 6.3%. With the tight labour market continuously putting more pressure on the labour cost in Hong Kong, especially in service-oriented industries, it is expected that the median hourly wage in Hong Kong's Japanese restaurant market will follow an upward trend in the following years and reach approximately HK$68.8 per hour by 2023.

Median hourly wage of employees in the Japanese restaurant market in Hong Kong, 2014–2023E



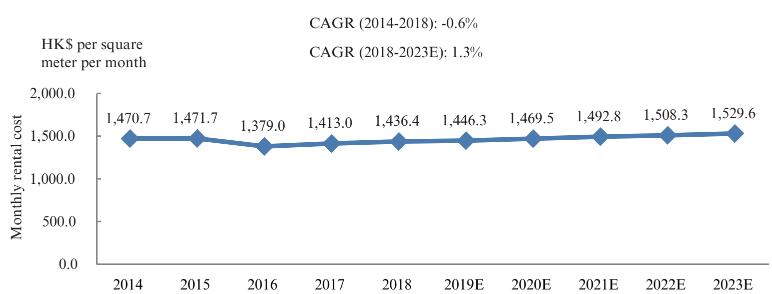
Source: Hong Kong Census and Statistics Department, CIC report

Rental cost analysis of the Japanese restaurant market in Hong Kong

The rental indices of Hong Kong's private retail premises increased from 173.1 in 2014 to 187.0 in 2018 (1999 = 100), registering a CAGR of 1.9% between 2014 and 2018.

The average rental cost for private retail premises in Hong Kong decreased slightly from approximately HK$1,470.7 per square meter per month in 2014 to approximately HK$1,436.4 per square meter per month in 2018, representing a negative CAGR of approximately 0.6% from 2014 to 2018. With the continuous economic growth in Hong Kong, it is expected that the average rental cost for private retail premises in Hong Kong will reach approximately HK$1,529.6 per square meter per month by 2023, representing a CAGR of approximately 1.3% from 2018 to 2023.

Average rental costs for private retail premises in Hong Kong, 2014–2023E



Note: The average rental cost in Hong Kong is the average rent prices of Hong Kong Island, Kowloon, and New Territories.

Source: Hong Kong Census and Statistics Department, and CIC report

Challenges and threats for the Japanese restaurant market in Hong Kong

1) ***Rising operating costs:*** Rising rental costs and increasing labour costs have a direct impact on the profitability of restaurants and are one of the most important threats for restaurants operators in Hong Kong. The rental indices of Hong Kong's private retail premises increased from approximately 173.1 in 2014 to approximately 187.0 in 2018, and is expected to continue increasing in the near future with the overall development of Hong Kong's macro-economy. The median hourly wage of employees in Hong Kong's catering industry increased from approximately HK$39.9 in 2014 to approximately HK$49.9 in 2018, and is expected to keep this upward trend in the following years due to the tight labour market.

2) ***Pressure from intense competition:*** Restaurants operators will continue to face a rising level of competition created by the increasing number of restaurants with new brands. There is a large number of restaurants in Hong Kong that specialise in Japanese cuisines, and players in this market include locally-owned restaurants and regional and international chains. Key competitive factors in the industry include type of cuisine, food choice, food quality and consistency, quality of service, price, dining experience, restaurant location and the ambiance of the restaurant.

   Given that the market offers tremendous future growth opportunities, existing businesses must constantly confront the threats posed by the increasing market followers. Experienced management team as well as operating personnel are essential to ensure that dishes offered at the restaurants reflect the latest trend in Japanese food and correspond with the market positioning of the restaurant. However, qualified management team and operating personnel are in short supply and competition for qualified talents is keen, posing threats to the Japanese restaurant market in Hong Kong.

3) ***Supply chain uncertainties:*** A large proportion of raw materials for Hong Kong's catering industry must be imported, thus the prices of raw materials and the ultimate profitability will fluctuate with and be largely affected by the supply capacity of external market.

LAWS AND REGULATIONS ON OUR BUSINESS OPERATIONS

Business registration certificate

Under section 5 of the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong), a business must obtain a business registration certificate. The application for a business registration certificate shall be made within one month of the commencement of business.

General restaurant licence

Any person operating a restaurant in Hong Kong is required to obtain a restaurant licence from the FEHD under the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) and the FBR before commencing the restaurant business. It is provided under section 31(1) of the FBR that except under and in accordance with a licence granted by the FEHD under the FBR, no person shall carry on or cause, permit or suffer to be carried on, among others, any food factory or restaurant business.

In deciding whether to grant a restaurant licence, the 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 restaurant licence. The FEHD will also consult the Buildings Department (the "**BD**") and the Fire Services Department (the "**FSD**") in assessing the suitability of premises for use as a restaurant, and the fulfillment of the BD's structural standard and the FSD's fire safety requirement are considered.

The Code of Practice provides guidelines on the requirements laid down in relevant buildings laws and regulations, including the requirements for means of escape and occupant capacity of a building or part of a building. Section 2 of the Code of Practice provides that for restaurants, the occupant factor is 1 (i.e. 1 person/1 m^2) . The Code of Practice would be referred to when determining the seating capacity of a restaurant.

Under section 33C of the FBR, the FEHD may grant provisional restaurant licences to new applicants who have fulfilled the basic requirements in accordance with the FBR pending fulfillment 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 generally valid for a period of one year, both subject to payment of the prescribed licence fees and continuous compliance with the requirements under the relevant legislations and regulations. A provisional restaurant licence is renewable on one occasion and a full restaurant licence is renewable annually.

Under section 35 of the FBR, any person who carries on a restaurant business without a valid licence shall be liable on summary conviction to a maximum fine of HK$50,000 and imprisonment for six months and, where the offence is a continuing offence, to an additional fine of HK$900 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Food factory licence

In respect of our Group's food factory business in Hong Kong, we are required to obtain a food factory licence from the FEHD under the FBR. It is provided under section 31(1)(a) of the FBR that no person shall carry on or cause, permit or suffer to be carried on any food factory business except with a food factory licence. A food factory means any food business which involves the preparation of food for sale for human consumption off the premises. It is provided under section 33C of the FBR that the FEHD may grant a provisional food factory licence to a new applicant who has fulfilled the basic requirements in accordance with the FBR pending fulfillment of all outstanding requirements for the issue of a full food factory licence.

In deciding whether to grant a food factory licence, the FEHD will also consult the BD (if necessary) and the FSD in assessing the suitability of premises for use as a food factory, where the fulfillment of the BD's structural standard and the fulfillment of the FSD's fire safety requirement are considered.

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

Under section 35 of the FBR, any person who carries on a food factory business without a valid licence shall be liable on summary conviction to a maximum fine of HK$50,000 and imprisonment for six months and, where the offence is a continuing offence, to an additional fine of HK$900 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Restricted food permit

Under sections 30(1), 31A and Schedule 2 of the FBR and according to the guideline of the FEHD, 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 sashimi, sushi, cut fruit, soft ice cream and non-bottled drink) save with the permission in writing of the FEHD.

Under section 35 of the FBR, any person who is guilty of an offence under section 30(1) of the FBR 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 points system

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

(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; and

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

Liquor licence

Section 17(3B) of the Dutiable Commodities Ordinance (Chapter 109 of the Laws of Hong Kong) (the "**DCO**") provides that where regulations prohibit the sale or supply of any liquor except with a liquor licence, no person shall sell, or advertise or expose for sale, or supply, or possess for sale or supply, such liquor except with a liquor licence.

Any person who intends to operate a business which involves the sale of liquor for consumption at any premises must obtain a liquor licence from the LLB under the DCR before commencement of such business. Regulation 25A of the DCR prohibits the sale of liquor at any premises for consumption on those premises or at a place of public entertainment or a public occasion for consumption at the place or occasion except with a liquor licence. A liquor licence will only be issued when the relevant premises have also been issued with a full or provisional restaurant licence. A liquor licence will only be valid if the relevant premises remain licensed as a restaurant. All applications for liquor licences are referred to the Commissioner of Police and the District Officer concerned for comments.

Under regulation 15 of the DCR, any transfer of a liquor licence must be made on the form as determined by the LLB. For a transfer application, consent of the holder of liquor licence is required. Under regulation 24 of the DCR, in case of illness or temporary absence of the holder of liquor licence, the secretary to the LLB may in his discretion authorise any person to manage the licensed premises. The application under such regulation is required to be made by the holder of liquor licence. For any application for cancellation of the liquor licence made by the holder of liquor licence, an application for the issue of a new liquor licence will be required to be made to the LLB.

Under regulation 20 of the DCR, a liquor licence is valid for a period of two years or a lesser period, subject to the continuous compliance with the requirements under the relevant legislations and regulations.

Under section 46 of the DCO, any person who contravenes section 17(3B) of the DCO commits an offence and is liable on conviction to a fine of HK$1,000,000 and to imprisonment for two years.

Hygiene Manager and Hygiene Supervisor Scheme

To strengthen food safety supervision in licensed food premises, the FEHD has introduced the Hygiene Manager and Hygiene Supervisor Scheme under which all large food establishments and food establishments producing high risk food are required to appoint a hygiene manager and a hygiene supervisor; and all other food establishments are required to appoint a hygiene manager or a hygiene supervisor. General restaurants which accommodate over 100 customers are required to appoint a hygiene manager and a hygiene supervisor.

Food business operators are required to train up their staff or appoint qualified persons to take up the post of hygiene manager or hygiene supervisor. According to "A Guide to Application for Restaurant Licences (September 2016 Edition)" of the FEHD, one of the criteria for the issuance of a provisional restaurant licence/full general restaurant licence is the submission of a duly completed nomination form for hygiene manager and/or hygiene supervisor together with a copy of the relevant course certificate(s).

Hygiene managers' duties include identifying key areas of risk in various food operations, ensuring compliance with the regulations, licensing conditions and codes of practice relating to food businesses, monitoring the health condition of food handlers, providing in-house training for the food handlers, handling complaints or enquiries from customers on food hygiene matters, and acting as a focal point of contact with the FEHD.

Hygiene supervisors' duties include advising food handlers on the proper food handling practices and ensuring their observance, conducting daily checks on the personal, environmental and food hygiene conditions of the food establishment and keeping records on the findings, and acting as a focal point of contact with the FEHD where the relevant food establishment is not required to appoint a hygiene manager.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

Water pollution control licence

In Hong Kong, the discharge of trade effluents into specific water control zones is subject to control and the discharger is required to obtain a water pollution control licence granted by the Director of Environmental Protection ("**DEP**") under the WPCO before commencing the discharge.

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

Under section 9(1) of the WPCO, generally a person who discharges any matter into a communal sewer or communal drain in a water control zone commits an offence and under section 9(2) of the WPCO, 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 sections 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 the offence has continued.

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

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

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

Air pollution control approval

Under section 30 of the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) (the "**APCO**") and regulation 11 of the Air Pollution Control (Furnaces, Ovens and Chimneys) (Installation and Alteration) Regulations (Chapter 311A of the Laws of Hong Kong) (the "**APCR**"),

(a) where it appears to the DEP that a chimney, relevant plant or other machinery or equipment may evolve any air pollutant by reason of (a) unsuitable design, defective construction or lack of maintenance; (b) excessive wear and tear; (c) the use of unsuitable fuel or other material; or (d) improper operation, the DEP may serve a notice on the owner of the premises in which the chimney, relevant plant or other machinery or equipment is found (i) requiring him, within a reasonable time specified in the notice, to modify, replace, clean or repair the chimney, relevant plant or other machinery or equipment specified in the notice or to take the other steps specified in the notice; (ii) requiring him, within a reasonable time specified in the notice, to install control equipment or a control system or additional control equipment or an additional control system specified in the notice; (iii) requiring him, after a reasonable time specified in the notice, to operate the chimney, relevant plant or other machinery or equipment in the manner specified in the notice; (iv) prohibiting him from using or permitting the use in the relevant plant or other machinery or equipment, after a reasonable time specified in the notice, the fuel, or other material, or mixture of fuels, or other materials specified in the notice; and

(b) no occupier shall carry out or cause or permit to be carried out any work in relation to the installation, alteration or modification of any furnace, oven, chimney or flue on his premises unless approval in respect of all the plans and specifications of the same is obtained in accordance with the relevant regulations.

Under section 30(2) of the APCO, any owner who fails, without reasonable excuse, to comply with any of the requirements of a notice duly served upon him under section 30(1) of the APCO commits an offence and is liable to a fine of HK$100,000 on conviction for a first offence and HK$200,000 and imprisonment for six months for a second or subsequent offence and in addition, if the offence is a continuing offence, to a fine of HK$20,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Under regulation 12 of the APCR, an occupier who contravenes regulation 11 of the APCR shall be guilty of an offence and shall be liable on conviction to a fine of HK$50,000 and, in addition, shall be liable to a fine of HK$500 for each day during which the offence has continued.

Building energy efficiency

The Building Energy Efficiency Ordinance (Chapter 610 of the Laws of Hong Kong) (the "**BEEO**") sets our energy efficiency standard for building services installation such as electrical, lighting and air-conditioning in new buildings and existing buildings undergoing major retrofitting works. According to Schedule 3 of the BEEO, major retrofitting works include, among other things, addition and replacement of a building services installation covering an internal floor area of not less than 500 sq. m. in a unit or a common area.

The responsible person of a unit or a common area, which includes the owner, tenant or occupier, is required to engage a registered energy assessor to certify that the replaced or additional building series installation of major retrofitting works comply with the latest edition of the Building Energy Code and obtain a Form of Compliance from the registered energy assessor within 2 months after the completion of major retrofitting works under section 17 of the BEEO. A person who fails to comply with section 17 of the BEEO is liable to a maximum fine of HK$50,000.

According to Schedule 1 of the BEEO, buildings that require Form of Compliance include commercial building and common area of residential building, composite building and industrial building. Under section 20 of the BEEO, the responsible person of a unit or a common area may apply to the Director of Electrical and Mechanical Services for an exemption from the specified standards and requirements.

LAWS AND REGULATIONS ON EMPLOYMENT

Mandatory Provident Fund Schemes Ordinance

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

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

Employment Ordinance

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

Under section 25 of the EO, where a contract of employment is terminated, any sum due to the employee shall be paid to him as soon as it is practicable and in any case not later than seven days after the day of termination. Any employer who wilfully and without reasonable excuse contravenes section 25 of the EO commits an offence and is liable to a maximum fine of HK$350,000 and imprisonment for a maximum of three years.

Further, under section 25A of the EO, if any wages or any sum referred to in section 25(2)(a) of the EO are not paid within seven days from the day on which they become due, the employer shall pay interest at a specified rate on the outstanding amount of wages or sum from the date on which such wages or sum become due up to the date of actual payment. Under 63CA of the EO, 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.

Minimum Wage Ordinance

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (the "**MWO**"), which came into effect on 1 May 2011, provides a statutory minimum wage for the employees employed under the EO in Hong Kong. In essence, wages payable to an employee in respect of any wage period, when averaged over the total number of hours worked in the wage period, should be no less than the statutory minimum wage, which was HK$37.5 per hour with effect from 1 May 2019. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employees by the MWO is void.

Employees' Compensation Ordinance

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

Under 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 generally liable to pay for the compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, under section 32 of the ECO, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

Further, section 40 of the ECO provides that an employer is not permitted to employ any employee in any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for an amount not less than that specified in the ECO.

Under section 40(2) of the ECO, an employer who fails to comply with the ECO to secure an insurance cover is liable on conviction upon indictment to a fine of HK$100,000 and imprisonment for two years and on summary conviction to a fine of HK$100,000 and imprisonment for one year.

Occupiers Liability Ordinance

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

The OLO imposes a common duty of care on an occupier of premises to take reasonable care of the premises 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 Ordinance

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

The employer shall ensure the safety and health at works of all his employees by:

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

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

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

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

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

Under section 6 of the OSHO, 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.

Under section 9(1) of the OSHO, the Commissioner for Labour may serve an improvement notice on an employer, or an occupier of premises where a workplace is located, if the employer or occupier is contravening the OSHO, or has contravened in circumstances that make it likely that the contravention will be continued or repeated.

Under section 9(2)(e) of the OSHO, an improvement notice must require the employer or occupier either to remedy the contravention within a period specified in the notice, or to refrain from continuing or repeating the contravention.

Under section 9(5) of the OSHO, an employer who, without reasonable excuse, fails to comply with a requirement of an improvement notice commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for 12 months.

OTHER REGULATORY REGIMES

Competition Ordinance

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) (the "**CO**") 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.

The CO 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 pecuniary penalty, director disqualifications, and prohibition, damage and other orders on offenders. For pecuniary penalty, section 93 of the CO 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.

Trade Descriptions Ordinance

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

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

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

Factories and Industrial Undertakings

All of our restaurants are subject to the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) (the "**FIUO**"), as an industrial undertaking includes the preparation of food for consumption and sale on the premises where it is prepared. Under section 6A of the FIUO, it is the duty of every proprietor of an industrial undertaking to ensure the health and safety at work of all persons employed by him at the industrial undertaking. The proprietor's general duties include, so far as is reasonably practicable: (a) providing and maintaining plant and systems of work that are safe and without risks to health; (b) arranging for ensuring safety and absence of risks to health in connection with the use, handling, storage and transport of articles and substances; (c) providing such information, instruction, training and supervision as is necessary to ensure the health and safety at work of all persons employed by him at the industrial undertaking; (d) as regards any part of the industrial undertaking under the proprietor's control, maintaining it in a condition that is safe and without risks to health and providing and maintaining means of access to and egress from it that are safe and without such risks; and (e) providing and maintaining a working environment for all persons employed by him at the industrial undertaking that is safe, and without risks to health. A proprietor who contravenes such duties commits an offence and is liable to a fine of HK$500,000. If the contravention is committed wilfully and without reasonable excuse, the proprietor is liable to a fine of HK$500,000 and imprisonment for six months.

The Factories and Industrial Undertakings (Fire Precautions in Notifiable Workplaces) Regulations (Chapter 59V of the Laws of Hong Kong) (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.

Under regulation 14(5) of the FIU(F)R, the proprietor of any notifiable workplace who contravenes regulation 5(1) of the FIU(F)R without reasonable excuse commits an offence and is liable to a fine of HK$200,000 and imprisonment for six months.

Save as disclosed in the section headed "Business — Legal Proceedings and Compliance" in this prospectus, as confirmed by our Directors, our Group had obtained all relevant licences, certificates and permits and had 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.

OVERVIEW

The "Daikiya (大喜屋)" brand can be traced back to 2010, when our co-founder and executive Director, Mr. Lam, opened our first restaurant, Daikiya Central (大喜屋中環店), in Central, Hong Kong together with Mr. KK Ho, Mr. Wong Ting Chung (who is one of the Minority Shareholders) and an Independent Third Party. Prior to co-founding our Group, Mr. Lam and Mr. KK Ho became acquainted with each other as they worked together in a Japanese restaurant for about a year in around 1996. We have put great efforts in developing new menu items and refining existing dishes so as to meet the changing customer preferences, taste, food and nutrition trends. Since then, we opened a new page of our corporate history by expanding our footprint in other districts, such as Mong Kok, Causeway Bay, Tsim Sha Tsui, Kwun Tong, Shatin and Yuen Long, in Hong Kong.

As at the Latest Practicable Date, we operated 15 restaurants in Hong Kong under the brands of "Daikiya (大喜屋)", "Daieiki (大瀛喜)", "Daimanki (大滿喜)", "Kichi Jyu (吉壽)" and "Rock Salt (岩鹽)", of which 13 restaurants served all-you-can-eat cuisine and two restaurants served a-la-carte cuisine. We also operated two workshops in Hong Kong to support our restaurant operations and serve food pre-processing and storage functions.

CORPORATE HISTORY AND DEVELOPMENT

Our Company was incorporated in the Cayman Islands with limited liability on 25 February 2019 and is the holding company of our Group.

KEY MILESTONES OF OUR GROUP

The following table sets forth key developments and milestones of our Group since our establishment:

Year	Key milestones
2010	Our first "Daikiya (大喜屋)" branded "all-you-can-eat" cuisine restaurant commenced operation in Central, Hong Kong. *(Note)*
2012	Our first "Daimanki (大滿喜)" branded "all-you-can-eat" cuisine restaurant, Daimanki MK, commenced operation in Mong Kok, Kowloon, Hong Kong.
2013	We set up our workshop 1 located in Tokwawan, Hong Kong.
2014	Our first "Daieiki (大瀛喜)" branded "all-you-can-eat" cuisine restaurant, Daieiki MK, commenced operation in Mong Kok, Kowloon, Hong Kong.

Year	Key milestones
2015	Daikiya, Deluxe Daikiya, Joy Daikiya and Tono Daikiya were awarded "Hong Kong Famous Brands — Recommended Finalists (香港最受歡迎品牌 — 本會至尊推介入圍品牌)" by the Hong Kong Brand Development Council.
2015 and 2016	Daimanki MK and Deluxe Daikiya TST were awarded OpenRice Best Restaurant Awards — Best Restaurant in Mong Kok (最優秀旺角區開飯熱店) and OpenRice Best Restaurant Awards — Best Restaurant in Tsim Sha Tsui (最優秀尖沙咀區開飯熱店) respectively by the OpenRice website for two consecutive years.
2016	Our first "Kichi Jyu (吉壽)" branded "all-you-can-eat" cuisine restaurant, commenced operation in Mong Kok, Kowloon, Hong Kong.
2017	Our first a-la-carte restaurant, Rock Salt CWB, commenced operation in Causeway Bay, Hong Kong.
	Deluxe Daieiki and Daieiki MK were awarded OpenRice Best Restaurant Awards — Best Japanese Restaurant (最優秀開飯日本菜餐廳) and OpenRice Best Restaurant Awards — Best Restaurant in Mong Kok (最優秀旺角區開飯熱店) respectively by the OpenRice website.
	Daieiki, Daikiya, Daimanki, Deluxe Daieiki, Deluxe Daikiya, Joy Daikiya, Kichi Jyu and Tono Daikiya were awarded the Certificate of Popularity for the Year 2017 (2017年度人氣商户) by the Dian Ping website (大眾點評網).
2017 and 2018	Deluxe Daieiki CWB was awarded OpenRice Best Restaurant Awards — Best Restaurant in Wan Chai and Causeway Bay (最優秀灣仔／銅鑼灣區開飯熱店) by the OpenRice website for two consecutive years.
2018	Daieiki and Deluxe Daikiya were awarded OpenRice Best Restaurant Awards — Best Japanese Restaurant (最優秀開飯日本菜餐廳), while Deluxe Daikiya TST was awarded OpenRice Best Restaurant Awards — Best Restaurant in Tsim Sha Tsui (最優秀尖沙咀區開飯熱店) by the OpenRice website.

Year	Key milestones
2018 and 2019	Daikiya, Deluxe Daikiya, Joy Daikiya and Tono Daikiya were awarded the "Quality Restaurant (優質餐館)" recognition by the Hong Kong Tourism Board under the Quality Tourism Services (QTS) Scheme for two consecutive years.
	Daikiya TST, Deluxe Daikiya TST, Joy Daikiya and Tono Daikiya were awarded the EatSmart Restaurant (有營食肆) recognition by the Department of Health of the Government for two consecutive years.
2019	Daieiki MK, Daikiya CWB and Deluxe Daikiya CWB were awarded the EatSmart Restaurant (有營食肆) recognition by the Department of Health of the Government.
	Daikiya TST, Deluxe Daikiya TST, Joy Daikiya and Tono Daikiya were awarded the silver category by the Environmental Protection Department under Food Wise Hong Kong — Food Wise Eateries Scheme (惜食香港 — 咪嘥嘢食店計劃).
	Our second a-la-carte restaurant, Rock Salt MK, commenced operation in Mong Kok, Kowloon, Hong Kong.

Note: Daikiya Central was operated by Golden Victory International Development Limited, a company controlled by our founders.

OUR GROUP STRUCTURE

As at the Latest Practicable Date, Ripple Power is our BVI intermediate holding company of all our subsidiaries, our Group will comprise (i) our Company and (ii) 22 subsidiaries upon completion of the Reorganisation. Particulars of the subsidiaries are as follows:

Name of the subsidiary	Principal business activities	Date and place of incorporation	Interest attributable to our Group
(i) BVI intermediate holding companies			
Splendid Fresh Limited (彩新有限公司)	Investment holding	2 January 2018 (BVI)	100%
Ripple Power Limited (漣力有限公司)	Investment holding	3 January 2018 (BVI)	100%

Name of the subsidiary	Principal business activities	Date and place of incorporation	Interest attributable to our Group
(ii) Hong Kong subsidiaries (Operating Companies and Management Companies)			
Legend Success International Inc. Limited (駿昇國際興業有限公司)	Restaurant operation (Daikiya TST)	15 October 2010 (Hong Kong)	100%
Admiralty Develop Limited (富順拓展有限公司)	Restaurant operation and property holding	18 April 2012 (Hong Kong)	100%
Smooth International Development Limited (順佳國際發展有限公司)	Restaurant operation (Deluxe Daikiya TST)	23 August 2012 (Hong Kong)	100%
Boss International Development Limited (博士國際發展有限公司)	Restaurant operation (Deluxe Daieiki YL)	10 June 2013 (Hong Kong)	100%
Global Prosperity International Develop Limited (盛世環球國際發展有限公司)	Management operation (workshop 1 and workshop 2)	9 September 2013 (Hong Kong)	100%
Enrich International Develop Limited (緻富國際發展有限公司)	Restaurant operation (Deluxe Daieiki CWB)	28 March 2014 (Hong Kong)	100%
Riches International Develop Limited (潤富國際發展有限公司)	Restaurant operation (Daieiki MK)	28 March 2014 (Hong Kong)	100%
Rich Square International (HK) Limited (裕富國際(香港)有限公司)	Restaurant operation (Joy Daikiya)	6 August 2014 (Hong Kong)	100%
Amazing Profit International Limited (豐裕國際有限公司)	Restaurant operation (Tono Daikiya)	23 January 2015 (Hong Kong)	100%
Fertility International Development Limited (譽富國際發展有限公司)	Restaurant operation (Deluxe Daieiki KT)	16 March 2015 (Hong Kong)	100%
Ample International Develop Limited (豐富國際發展有限公司)	Restaurant operation (Kichi Jyu)	10 August 2015 (Hong Kong)	100%
Bright Chief International Limited (佳景國際有限公司)	Restaurant operation (Rock Salt CWB)	29 April 2016 (Hong Kong)	100%
Rich Tech Hong Kong Development Limited (富達香港發展有限公司)	Restaurant operation (Deluxe Daikiya CWB)	5 July 2016 (Hong Kong)	100%

Name of the subsidiary	Principal business activities	Date and place of incorporation	Interest attributable to our Group
Galaxy United Limited (聯合富星有限公司)	Restaurant operation (Daimanki KT)	29 August 2017 (Hong Kong)	100%
Skyway United Limited (聯合天威有限公司)	Management operation (personnel and administration and trademark holding)	29 August 2017 (Hong Kong)	100%
Sky Pro United Limited (聯合天寶有限公司)	Restaurant operation (Daikiya ST)	29 August 2017 (Hong Kong)	96.7% *(Note 1)*
Rich Ahead Development Limited (富升發展有限公司)	Management operation (trademark holding)	23 March 2018 (Hong Kong)	100%
Sun Rich United Limited (聯合盛富有限公司)	Restaurant operation (Rock Salt MK)	29 August 2017 (Hong Kong)	90% *(Note 2)*
(iii) Other			
Sure Gain Hong Kong Group Limited (駿發香港集團有限公司)	Ceased operation *(Note 3)*	5 March 2013 (Hong Kong)	100%

Notes:

1. We allotted and issued approximately 3.3% shareholding in Sky Pro, being the Operating Company of Daikiya ST to Mr. Chiu, Albert Chun Wah ("**Mr. Chiu**"), who is a former employee of our Group and an Independent Third Party, at the consideration of HK$0.5 million in June 2019. Mr. Chiu was the shop manager of Tono Daikiya and worked in our Group for approximately four years. In view of the services and contribution of Mr. Chiu to our Group, our Directors decided to invite Mr. Chiu to invest in Daikiya ST. The consideration of HK$0.5 million paid by Mr. Chiu for his 3.3% shareholding in Sky Pro was determined with reference to the total initial capital injection agreed and paid by all shareholders of Sky Pro, being a sum of HK$15 million in total.

2. We allotted and issued 10.0% shareholding in Sun Rich, being the Operating Company of Rock Salt MK, to Mr. Yip, who is an employee of our Group and an Independent Third Party, at the consideration of HK$1.0 million in July 2019. Such consideration was determined with reference to the total initial capital injection agreed and paid by all shareholders of Sun Rich, being a sum of HK$10.0 million in total.

3. Sure Gain was the operating company of Daikiya CWB which ceased the restaurant operation in March 2019.

We have been running a number of subsidiaries due to the customary practice of the food and beverage industry in Hong Kong to establish a company for each restaurant. This allows for flexibility in the relevant licensing, compliance and leasing arrangements when our Group opens and closes restaurants during our ordinary course of business.

In addition, in order that our Group will have a company immediately ready for commencement of operation of a new restaurant, our Group has intendedly reserved a subsidiary, First Point, for such purpose. During the Track Record Period and up to the Latest Practicable Date, the reserved company did not have any operating business.

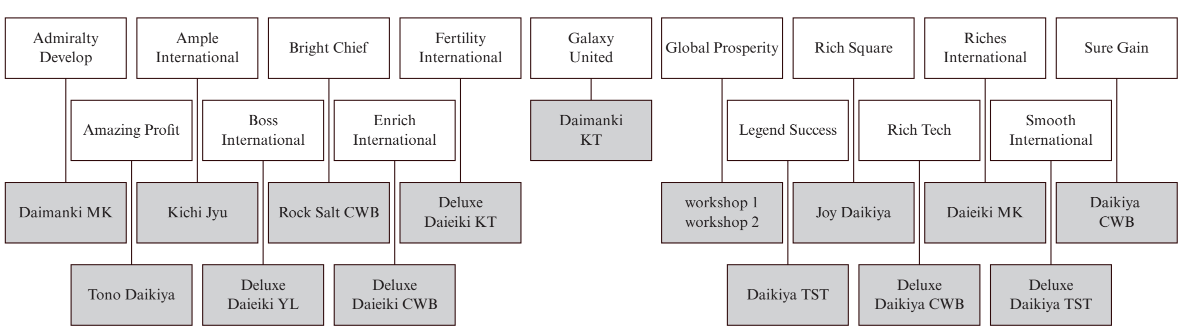
Our founders believed that good service quality provided by our restaurant staff would be important to the business development and success of our Group. Hence, our founders would grant shares in our Operating Companies to selected employees at nominal consideration in order to motivate them and to attract their loyalty. However, the shares in our Operating Companies granted to those selected employees were subject to certain restrictions with a view to maintaining the integrity of the shareholder base of the Operating Companies concerned. In the case of those shareholders of the Operating Companies who were not employees of our Group, there were no such restrictions. For details, please refer to note 25 of the Accountants' Report in Appendix I to this prospectus.

RELATIONSHIP BETWEEN OUR CO-FOUNDERS

Apart from co-founding our Group by opening Daikiya Central (大喜屋中環店) in 2010, Mr. Lam and Mr. KK Ho had jointly invested in the catering business, including various restaurants and food supplies, between 2008 and 2017, and real property investment since 2012. As at the Latest Practicable Date, Mr. Lam and Mr. KK Ho each holds approximately 38.4% interest in Golden Victory, which is the owner of workshop 1 and our Group's landlord. See "Connected Transactions" in this prospectus for details.

PORTFOLIO OF OUR GROUP PRIOR TO REORGANISATION

The following diagram illustrates our Group's portfolio of companies substantially owned by Mr. Lam and Mr. KK Ho prior to Reorganisation, and the restaurants and workshops operated by those companies:



Prior to the Reorganisation, our Group comprised the following companies with various shareholding structures.

Name of shareholder	Name of company														
	Admiralty Develop	Amazing Profit	Ample International	Boss International	Bright Chief	Enrich International	Fertility International	Galaxy United	Global Prosperity	Legend Success	Rich Square	Rich Tech	Riches International	Smooth International	Sure Gain
	Number of shares held (approximate percentage of shareholding)	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*	*Number of shares held (approximate percentage of shareholding)*
Mr. Chau Ka Yeung	2,000 (1.9%)	2,000 (1.1%)	—	—	—	—	—	—	—	2,000 (1.8%)	2,000 (1.5%)	—	1,000 (0.9%)	2,400 (2.0%)	800 (1.3%)
Mr. Choi Tsz Wong	—	—	—	—	—	—	—	—	—	—	3,000 (2.2%)	—	—	—	—
Mr. Ho Hok Fung	—	—	—	—	—	—	—	—	—	—	—	—	1,000 (0.9%)	—	—
Mr. Hsu Chi Yung	2,800 (2.6%)	2,000 (1.1%)	—	—	—	—	—	—	—	2,000 (1.8%)	3,000 (2.2%)	—	—	2,400 (2.0%)	2,000 (3.2%)
Mr. Jim Chong Keung	—	—	—	—	—	—	—	—	—	—	—	—	—	2,400 (2.0%)	—
Mr. KK Ho	39,900 (37.7%)	75,000 (40.1%)	50,000 (40.7%)	—	—	50,000 (40.0%)	45,000 (34.6%)	—	1 (50.0%)	45,000 (40.9%)	50,000 (37.9%)	—	45,000 (39.8%)	45,000 (38.1%)	25,000 (40.3%)
Mr. Lam	39,900 (37.7%)	75,000 (40.1%)	50,000 (40.7%)	1 (50.0%)	1 (50.0%)	50,000 (40.0%)	45,000 (34.6%)	29,640 (39.0%)	1 (50.0%)	45,000 (40.9%)	50,000 (37.9%)	1 (50.0%)	45,000 (39.8%)	45,000 (38.1%)	25,000 (40.3%)
Mr. Lam Ying Kit	—	—	—	—	—	1,000 (0.8%)	—	478 (0.6%)	—	—	1,000 (0.8%)	—	1,000 (0.9%)	—	—
Mr. Lee Chun Lung	—	—	—	—	—	—	5,000 (3.9%)	—	—	—	—	—	—	—	—
Mr. Leung Nok Shun	1,600 (1.5%)	—	—	—	—	1,000 (0.8%)	—	478 (0.6%)	—	—	1,000 (0.8%)	—	1,000 (0.9%)	800 (0.7%)	800 (1.3%)
Mr. Lin Kwok Hung	800 (0.8%)	3,000 (1.6%)	5,000 (4.1%)	—	—	3,000 (2.4%)	23,000 (17.7%)	9,554 (12.7%)	—	—	1,000 (0.8%)	—	1,000 (0.9%)	800 (0.7%)	—
Ms. Liu Junrong	—	5,000 (2.7%)	—	—	—	—	—	—	—	—	—	—	—	—	—
Mr. Lo Tak Cheung	1,200 (1.1%)	—	—	—	—	—	—	—	—	—	—	—	1,000 (0.9%)	800 (0.7%)	1,200 (1.9%)
Mr. Ngan Hon Wing	1,200 (1.1%)	3,000 (1.6%)	5,000 (4.1%)	—	—	2,000 (1.6%)	—	2,389 (3.2%)	—	2,000 (1.8%)	—	—	2,000 (1.7%)	2,400 (2.0%)	800 (1.3%)
Mr. OY Lam	—	5,000 (2.7%)	—	—	—	—	2,000 (1.5%)	—	—	—	3,000 (2.2%)	—	1,500 (1.3%)	2,400 (2.0%)	—
Mr. Shi Chaozong	—	—	3,000 (2.4%)	—	—	5,000 (4.0%)	—	239 (0.3%)	—	—	—	—	1,000 (0.9%)	—	—
Mr. Sun Baihui	1,200 (1.1%)	—	3,000 (2.4%)	—	—	—	—	—	—	—	2,000 (1.5%)	—	—	2,400 (2.0%)	—
Mr. Sze Yau Yam	800 (0.8%)	—	—	—	—	—	—	—	—	—	—	—	—	800 (0.7%)	800 (1.3%)
Mr. TF Lo	2,000 (1.9%)	—	—	—	—	1,000 (0.8%)	—	478 (0.6%)	—	—	1,000 (0.8%)	—	1,000 (0.9%)	800 (0.7%)	800 (1.3%)
Mr. Tsang Yuk Pan	2,000 (1.9%)	—	—	—	—	1,000 (0.8%)	—	—	—	—	—	—	1,000 (0.9%)	800 (0.7%)	800 (1.3%)
Mr. Tse Wing Hong	1,200 (1.1%)	2,000 (1.1%)	—	—	—	—	—	—	—	2,000 (1.8%)	2,000 (1.5%)	—	—	1,600 (1.5%)	800 (1.3%)
Mr. Wong Chi Fung	1,200 (1.1%)	5,000 (2.7%)	2,000 (1.5%)	—	—	2,000 (1.6%)	—	—	—	2,000 (1.8%)	—	—	1,500 (1.3%)	2,400 (2.0%)	—
Mr. Wong Ka Kin	1,800 (1.7%)	—	—	—	—	—	—	—	—	—	—	—	—	1,200 (1.0%)	—
Mr. Wong Ting Chung	—	10,000 (5.2%)	5,000 (4.1%)	—	—	5,000 (4.0%)	8,000 (6.2%)	716 (0.9%)	—	10,000 (9.2%)	10,000 (7.5%)	—	5,000 (4.4%)	—	—
Mr. Wong Wing Sing	2,000 (1.9%)	—	—	—	—	1,000 (0.8%)	—	239 (0.3%)	—	—	1,000 (0.8%)	—	1,000 (0.9%)	800 (0.7%)	800 (1.3%)
Mr. Yeung Chun Sing	—	—	—	—	—	1,000 (0.8%)	—	—	—	—	1,000 (0.8%)	—	—	—	—
Mr. Yeung Tit Fung	—	—	—	—	—	—	—	239 (0.3%)	—	—	—	—	1,000 (0.9%)	—	—
Mr. Yu Shun On	—	—	—	—	—	1,000 (0.8%)	—	716 (0.9%)	—	—	—	—	1,000 (0.9%)	800 (0.7%)	—
Mr. Yung Chung Ngai	1,200 (1.1%)	—	—	—	—	—	—	—	—	—	—	—	—	1,200 (1.0%)	—
Ms. Chin Suk Yin	—	—	—	—	—	—	2,000 (1.5%)	955 (1.3%)	—	—	—	—	—	—	—
Ms. Chio Chon Iok	—	—	—	—	—	1,000 (0.8%)	—	239 (0.3%)	—	—	—	—	—	—	—
Ms. Chiu Yuet Nung	2,000 (1.9%)	—	—	—	—	—	—	—	—	—	1,000 (0.8%)	—	1,000 (0.9%)	800 (0.7%)	800 (1.3%)
Ms. Ho Siu Mei	—	—	—	—	—	—	—	—	—	—	—	—	—	—	800 (1.3%)
Ms. SW Wong	1,200 (1.1%)	—	—	—	—	—	—	—	—	—	—	—	—	—	800 (1.3%)
Wealth Energy	—	—	—	1 (50.0%)	1 (50.0%)	—	—	29,640 (39.0%)	—	—	—	1 (50.0%)	—	—	—
Total	**106,000 (100%)**	**187,000 (100%)**	**123,000 (100%)**	**2 (100%)**	**2 (100%)**	**125,000 (100%)**	**130,000 (100%)**	**76,000 (100%)**	**2 (100%)**	**110,000 (100%)**	**132,000 (100%)**	**2 (100%)**	**113,000 (100%)**	**118,000 (100%)**	**62,000 (100%)**

In order to consolidate his interests in various subsidiaries of our Group, Mr. KK Ho transferred his shares in those subsidiaries to Wealth Energy, which is an investment-holding company wholly-owned by him, in October 2017.

On 12 October 2017, Mr. KK Ho transferred his 45,000 shares held in Legend Success, 75,000 shares held in Amazing Profit and 39,900 shares held in Admiralty Develop to Wealth Energy, at the consideration of HK$45,000, HK$75,000 and HK$39,900, respectively.

On 13 October 2017, Mr. KK Ho transferred his 45,000 shares held in Fertility International, 50,000 shares held in Rich Square and 45,000 shares held in Smooth International to Wealth Energy, at the consideration of HK$45,000, HK$50,000 and HK$45,000, respectively.

On 16 October 2017, Mr. KK Ho transferred his 50,000 shares held in Ample International, 50,000 shares held in Enrich International, one share held in Global Prosperity and 25,000 shares held in Sure Gain to Wealth Energy, at the consideration of HK$50,000, HK$50,000, HK$1 and HK$25,000, respectively.

On 17 October 2017, Mr. KK Ho transferred his 45,000 shares held in Riches International to Wealth Energy at the consideration of HK$45,000.

REORGANISATION

Step 1: Incorporation of Splendid Fresh and Ripple Power

Splendid Fresh

Splendid Fresh was incorporated in the BVI on 2 January 2018 with limited liability and one fully paid ordinary share of Splendid Fresh was allotted and issued to Ripple Power on 14 March 2018, representing the entire issued share capital of Splendid Fresh. Splendid Fresh is an investment-holding vehicle of the Operating Companies, the Management Companies, Sure Gain and a company reserved for use as operating company for new restaurant to be opened in future.

Ripple Power

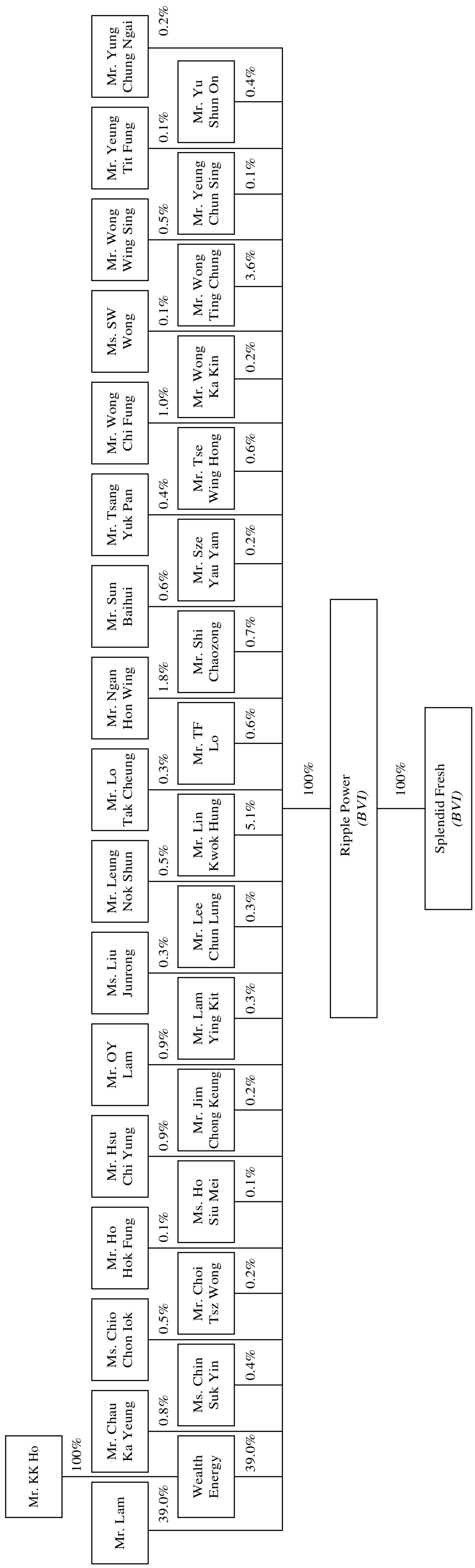
Ripple Power was incorporated in the BVI on 3 January 2018 with limited liability and 15,320 fully paid ordinary shares of Ripple Power, representing the entire issued share capital of Ripple Power, were allotted and issued to Mr. Lam, Wealth Energy and the following Minority Shareholders on 14 March 2018 in the following proportion with reference to the net asset value and profitability of the individual Operating Companies:

	Name of the shareholders	Number of shares held	Approximate percentage of shareholding (%)
*	Mr. Lam	5,979	39.0
	Wealth Energy	5,979	39.0
*	Mr. Chau Ka Yeung	122	0.8
	Ms. Chin Suk Yin	60	0.4
	Ms. Chio Chon Iok	76	0.5
*	Mr. Choi Tsz Wong	30	0.2
	Mr. Ho Hok Fung	10	0.1
	Ms. Ho Siu Mei	8	0.1
*	Mr. Hsu Chi Yung	142	0.9
	Mr. Jim Chong Keung	24	0.2
*	Mr. OY Lam *(Note 1)*	139	0.9
*	Mr. Lam Ying Kit	50	0.3
	Ms. Liu Junrong *(Note 1)*	50	0.3
	Mr. Lee Chun Lung	50	0.3
*	Mr. Leung Nok Shun	82	0.5
*	Mr. Lin Kwok Hung	776	5.1
*	Mr. Lo Tak Cheung	42	0.3
*	Mr. TF Lo	86	0.6
	Mr. Ngan Hon Wing	284	1.8
	Mr. Shi Chaozong	100	0.7
	Mr. Sun Baihui	86	0.6
*	Mr. Sze Yau Yam	24	0.2
*	Mr. Tsang Yuk Pan	56	0.4
*	Mr. Tse Wing Hong	96	0.6
*	Mr. Wong Chi Fung *(Note 1)*	161	1.0
*	Mr. Wong Ka Kin	30	0.2
	Ms. SW Wong *(Note 1)*	20	0.1
*	Mr. Wong Ting Chung	560	3.6
*	Mr. Wong Wing Sing	76	0.5
*	Mr. Yeung Chun Sing	20	0.1
*	Mr. Yeung Tit Fung	20	0.1
*	Mr. Yu Shun On	58	0.4
*	Mr. Yung Chung Ngai	24	0.2
	Total	15,320	100%

Note: (1) Mr. OY Lam, Ms. SW Wong, Ms. Liu Junrong and Mr. Wong Chi Fung are the elder brother, a sister-in-law, a sister-in-law and a cousin of Mr. Lam, respectively.

(2) The person marked with "*" is or was an employee of our Group.

(3) Save and except Mr. OY Lam, Ms. SW Wong, Ms. Liu Junrong and Mr. Wong Chi Fung, being the elder brother, a sister-in-law, a sister-in-law and a cousin of Mr. Lam, respectively, the Minority Shareholders are independent of Mr. Lam.


Mr. KK Ho
100%
Mr. Lam
39.0%
Mr. Chau Ka Yeung
0.8%
Ms. Chio Chon Iok
0.5%
Mr. Ho Hok Fung
0.1%
Mr. Hsu Chi Yung
0.9%
Mr. OY Lam
0.9%
Ms. Liu Junrong
0.3%
Mr. Leung Nok Shun
0.5%
Mr. Lo Tak Cheung
0.3%
Mr. Ngan Hon Wing
1.8%
Mr. Sun Baihui
0.6%
Mr. Tsang Yuk Pan
0.4%
Mr. Wong Chi Fung
1.0%
Ms. SW Wong
0.1%
Mr. Wong Wing Sing
0.5%
Mr. Yeung Tit Fung
0.1%
Mr. Yung Chung Ngai
0.2%
Wealth Energy
39.0%
Ms. Chin Suk Yin
0.4%
Mr. Choi Tsz Wong
0.2%
Ms. Ho Siu Mei
0.1%
Mr. Jim Chong Keung
0.2%
Mr. Lam Ying Kit
0.3%
Mr. Lee Chun Lung
0.3%
Mr. Lin Kwok Hung
5.1%
Mr. TF Lo
0.6%
Mr. Shi Chaozong
0.7%
Mr. Sze Yau Yam
0.2%
Mr. Tse Wing Hong
0.6%
Mr. Wong Ka Kin
0.2%
Mr. Wong Ting Chung
3.6%
Mr. Yeung Chun Sing
0.1%
Mr. Yu Shun On
0.4%
100%
Ripple Power
(BVI)
100%
Splendid Fresh
(BVI)

Step 2: Acquisition of the Operating Companies, the Management Companies, First Point and Sure Gain by Splendid Fresh

To facilitate the management of our Group's businesses following the Listing, Splendid Fresh became our intermediate holding company through acquisition of the Operating Companies, the Management Companies, Sure Gain and a company reserved for use as for operating in future, details of which are as follows:

(1) On 15 March 2018, all of the shareholders of Admiralty Develop (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired all the issued shares in Admiralty Develop, being 39,900 shares held by Mr. Lam, 39,900 shares held by Wealth Energy, 2,800 shares held by Mr. Hsu Chi Yung, 2,000 shares held by Mr. Chau Ka Yeung, 2,000 shares held by Ms. Chio Chon Iok, 2,000 shares held by Mr. TF Lo, 2,000 shares held by Mr. Tsang Yuk Pan, 2,000 shares held by Mr. Wong Wing Sing, 1,800 shares held by Mr. Wong Ka Kin, 1,600 shares held by Mr. Leung Nok Shun, 1,200 shares held by Mr. Lo Tak Cheung, 1,200 shares held by Mr. Ngan Hon Wing, 1,200 shares held by Mr. Sun Baihui, 1,200 shares held by Mr. Tse Wing Hong, 1,200 shares held by Mr. Wong Chi Fung, 1,200 shares held by Ms. SW Wong, 1,200 shares held by Mr. Yung Chung Ngai, 800 shares held by Mr. Lin Kwok Hung and 800 shares held by Mr. Sze Yau Yam. In consideration of the above and at the direction of the selling shareholders of Admiralty Develop, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Admiralty Develop became a wholly-owned subsidiary of Splendid Fresh.

(2) On 15 March 2018, all of the shareholders of Amazing Profit (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired all the issued shares in Amazing Profit, being 75,000 shares held by Mr. Lam, 75,000 shares held by Wealth Energy, 10,000 shares held by Mr. Wong Ting Chung, 5,000 shares held by Mr. OY Lam, 5,000 shares held by Ms. Liu Junrong, 5,000 shares held by Mr. Wong Chi Fung, 3,000 shares held by Mr. Lin Kwok Hung, 3,000 shares held by Mr. Ngan Hon Wing, 2,000 shares held by Mr. Tse Wing Hong, 2,000 shares held by Mr. Chau Ka Yeung and 2,000 shares held by Mr. Hsu Chi Yung. In consideration of the above and at the direction of the selling shareholders of Amazing Profit, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Amazing Profit became a wholly-owned subsidiary of Splendid Fresh.

(3) On 15 March 2018, all of the shareholders of Ample International (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired all the issued shares in Ample International, being 50,000 shares held by Mr. Lam, 50,000 shares held by Wealth Energy, 5,000 shares held by Mr. Lin Kwok Hung, 5,000 shares held by Mr. Ngan Hon Wing, 5,000 shares held by Mr. Wong Ting Chung, 3,000 shares held by Mr. Shi Chaozong, 3,000 shares held by Mr. Sun Baihui and 2,000 shares held by Mr. Wong Chi Fung. In consideration of the above and at the direction of the selling shareholders of Ample International, Splendid Fresh allotted and issued one share

to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Ample International became a wholly-owned subsidiary of Splendid Fresh.

(4) On 15 March 2018, Mr. Lam and Wealth Energy (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired two issued ordinary shares of Boss International, being the entire issued share capital of Boss International. In consideration of the above and at the direction of Mr. Lam and Wealth Energy, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Boss International became a wholly-owned subsidiary of Splendid Fresh.

(5) On 15 March 2018, Mr. Lam and Wealth Energy (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired two issued ordinary shares of Bright Chief, being the entire issued share capital of Bright Chief. In consideration of the above and at the direction of Mr. Lam and Wealth Energy, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Bright Chief became a wholly-owned subsidiary of Splendid Fresh.

(6) On 15 March 2018, all of the shareholders of Enrich International (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired all the issued shares in Enrich International, being 50,000 shares held by Mr. Lam, 50,000 shares held by Wealth Energy, 5,000 shares held by Mr. Shi Chaozong, 5,000 shares held by Mr. Wong Ting Chung, 3,000 shares held by Mr. Lin Kwok Hung, 2,000 shares held by Mr. Ngan Hon Wing, 2,000 shares held by Mr. Wong Chi Fung, 1,000 shares held by Ms. Chio Chon Iok, 1,000 shares held by Mr. Lam Ying Kit, 1,000 shares held by Mr. Leung Nok Shun, 1,000 shares held by Mr. TF Lo, 1,000 shares held by Mr. Tsang Yuk Pan, 1,000 shares held by Mr. Wong Wing Sing, 1,000 shares held by Mr. Yeung Chun Sing and 1,000 shares held by Mr. Yu Shun On. In consideration of the above and at the direction of the selling shareholders of Enrich International, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Enrich International became a wholly-owned subsidiary of Splendid Fresh.

(7) On 15 March 2018, all of the shareholders of Fertility International (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired all the issued shares in Fertility International, being 45,000 shares held by Mr. Lam, 45,000 shares held by Wealth Energy, 23,000 shares held by Mr. Lin Kwok Hung, 8,000 shares held by Mr. Wong Ting Chung, 5,000 shares held by Mr. Lee Chun Lung, 2,000 shares held by Ms. Chin Suk Yin and 2,000 shares held by Mr. OY Lam. In consideration of the above and at the direction of the selling shareholders of Fertility International, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Fertility International became a wholly-owned subsidiary of Splendid Fresh.

(8) On 15 March 2018, all of the shareholders of Galaxy United (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired all the issued shares in Galaxy United, being 29,640 shares held by Mr. Lam, 29,640 shares held by Wealth Energy, 9,554 shares held by Mr. Lin Kwok Hung, 2,389 shares held by Mr. Ngan Hon Wing, 955 shares held by Ms. Chin Suk Yin, 716 shares held by Mr. Wong Ting Chung, 716 shares held by Mr. Yu Shun On, 478 shares held by Mr. Lam Ying Kit, 478 shares held by Mr. Leung Nok Shun, 478 shares held by Mr. TF Lo, 239 shares held by Mr. Shi Chaozong, 239 shares held by Mr. Wong Wing Sing, 239 shares held by Mr. Yeung Tit Fung and 239 shares held by Ms. Chio Chon Iok. In consideration of the above and at the direction of the selling shareholders of Galaxy United, Splendid Fresh allotted and issued one (1) share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Galaxy United became a wholly-owned subsidiary of Splendid Fresh.

(9) On 15 March 2018, Mr. Lam and Wealth Energy (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired two (2) issued ordinary shares of Global Prosperity, being the entire issued share capital of Global Prosperity. In consideration of the above and at the direction of Mr. Lam and Wealth Energy, Splendid Fresh allotted and issued one (1) share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Global Prosperity became a wholly-owned subsidiary of Splendid Fresh.

(10) On 15 March 2018, all of the shareholders of Legend Success (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired all the issued shares in Legend Success, being 45,000 shares held by Mr. Lam, 45,000 shares held by Wealth Energy, 10,000 shares held by Mr. Wong Ting Chung, 2,000 shares held by Mr. Chau Ka Yeung, 2,000 shares held by Mr. Hsu Chi Yung, 2,000 shares held by Mr. Ngan Hon Wing, 2,000 shares held by Mr. Tse Wing Hong and 2,000 shares held by Mr. Wong Chi Fung. In consideration of the above and at the direction of the selling shareholders of Legend Success, Splendid Fresh allotted and issued one (1) share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Legend Success became a wholly-owned subsidiary of Splendid Fresh.

(11) On 15 March 2018, all of the shareholders of Rich Square (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired all the issued shares in Rich Square, being 50,000 shares held by Mr. Lam, 50,000 shares held by Wealth Energy, 10,000 shares held by Mr. Wong Ting Chung, 3,000 shares held by Mr. Choi Tsz Wong, 3,000 shares held by Mr. Hsu Chi Yung, 3,000 shares held by Mr. OY Lam, 2,000 shares held by Mr. Chau Ka Yeung, 2,000 shares held by Mr. Sun Baihui, 2,000 shares held by Mr. Tse Wing Hong, 1,000 shares held by Ms. Chio Chon Iok, 1,000 shares held by Mr. Lam Ying Kit, 1,000 shares held by Mr. Leung Nok Shun, 1,000 shares held by Mr. Lin Kwok Hung, 1,000 shares held by Mr. TF Lo, 1,000 shares held by Mr. Wong Wing Sing and 1,000 shares held by Mr. Yeung Chun Sing. In consideration of the above and at the direction of the selling

shareholders of Rich Square, Splendid Fresh allotted and issued one (1) share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Rich Square became a wholly-owned subsidiary of Splendid Fresh.

(12) On 15 March 2018, Mr. Lam and Wealth Energy (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired two issued ordinary shares of Rich Tech, being the entire issued share capital of Rich Tech. In consideration of the above and at the direction of Mr. Lam and Wealth Energy, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Rich Tech became a wholly-owned subsidiary of Splendid Fresh.

(13) On 15 March 2018, all of the shareholders of Riches International (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired all the issued shares in Riches International, being 45,000 shares held by Mr. Lam, 45,000 shares held by Wealth Energy, 5,000 shares held by Mr. Wong Ting Chung, 2,000 shares held by Mr. Ngan Hon Wing, 1,500 shares held by Mr. OY Lam, 1,500 shares held by Mr. Wong Chi Fung, 1,000 shares held by Mr. Chau Ka Yeung, 1,000 shares held by Ms. Chio Chon Iok, 1,000 shares held by Mr. Ho Hok Fung, 1,000 shares held by Mr. Lam Ying Kit, 1,000 shares held by Mr. Leung Nok Shun, 1,000 shares held by Mr. Lin Kwok Hung, 1,000 shares held by Mr. Lo Tak Cheung, 1,000 shares held by Mr. TF Lo, 1,000 shares held by Mr. Shi Chaozong, 1,000 shares held by Mr. Tsang Yuk Pan, 1,000 shares held by Mr. Wong Wing Sing, 1,000 shares held by Mr. Yeung Tit Fung and 1,000 shares held by Mr. Yu Shun On. In consideration of the above and at the direction of the selling shareholders of Riches International, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Riches International became a wholly-owned subsidiary of Splendid Fresh.

(14) On 15 March 2018, all of the shareholders of Smooth International (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired all the issued shares in Smooth International, being 45,000 shares held by Mr. Lam, 45,000 shares held by Wealth Energy, 2,400 shares held by Mr. Chau Ka Yeung, 2,400 shares held by Mr. Hsu Chi Yung, 2,400 shares held by Mr. Jim Chong Keung, 2,400 shares held by Mr. OY Lam, 2,400 shares held by Mr. Ngan Hon Wing, 2,400 shares held by Mr. Sun Baihui, 2,400 shares held by Mr. Wong Chi Fung, 1,600 shares held by Mr. Tse Wing Hong, 1,200 shares held by Mr. Wong Ka Kin, 1,200 shares held by Mr. Yung Chung Ngai, 800 shares held by Ms. Chio Chon Iok, 800 shares held by Mr. Leung Nok Shun, 800 shares held by Mr. Lin Kwok Hung, 800 shares held by Mr. Lo Tak Cheung, 800 shares held by Mr. TF Lo, 800 shares held by Mr. Sze Yau Yam, 800 shares held by Mr. Tsang Yuk Pan, 800 shares held by Mr. Wong Wing Sing and 800 shares held by Mr. Yu Shun On. In consideration of the above and at the direction of the selling shareholders of Smooth International, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Smooth International became a wholly-owned subsidiary of Splendid Fresh.

(15) On 15 March 2018, all of the shareholders of Sure Gain (as vendors) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired all the issued shares in Sure Gain, being 25,000 shares held by Mr. Lam, 25,000 shares held by Wealth Energy, 2,000 shares held by Mr. Hsu Chi Yung, 1,200 shares held by Mr. Lo Tak Cheung, 800 shares held by Mr. Chau Ka Yeung, 800 shares held by Ms. Chio Chon Iok, 800 shares held by Ms. Ho Siu Mei, 800 shares held by Mr. Leung Nok Shun, 800 shares held by Mr. TF Lo, 800 shares held by Mr. Ngan Hon Wing, 800 shares held by Mr. Sze Yau Yam, 800 shares held by Mr. Tsang Yuk Pan, 800 shares held by Mr. Tse Wing Hong, 800 shares held by Ms. SW Wong and 800 shares held by Mr. Wong Wing Sing. In consideration of the above and at the direction of the selling shareholders of Sure Gain, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholders. After the aforesaid acquisition, Sure Gain became a wholly-owned subsidiary of Splendid Fresh.

(16) On 15 March 2018, Mr. Lam (as vendor) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired one issued ordinary share of Skyway United, being the entire issued share capital of Skyway United. In consideration of the above and at the direction of Mr. Lam, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid and reflecting the effective interests of the selling shareholder. After the aforesaid acquisition, Skyway United became a wholly-owned subsidiary of Splendid Fresh.

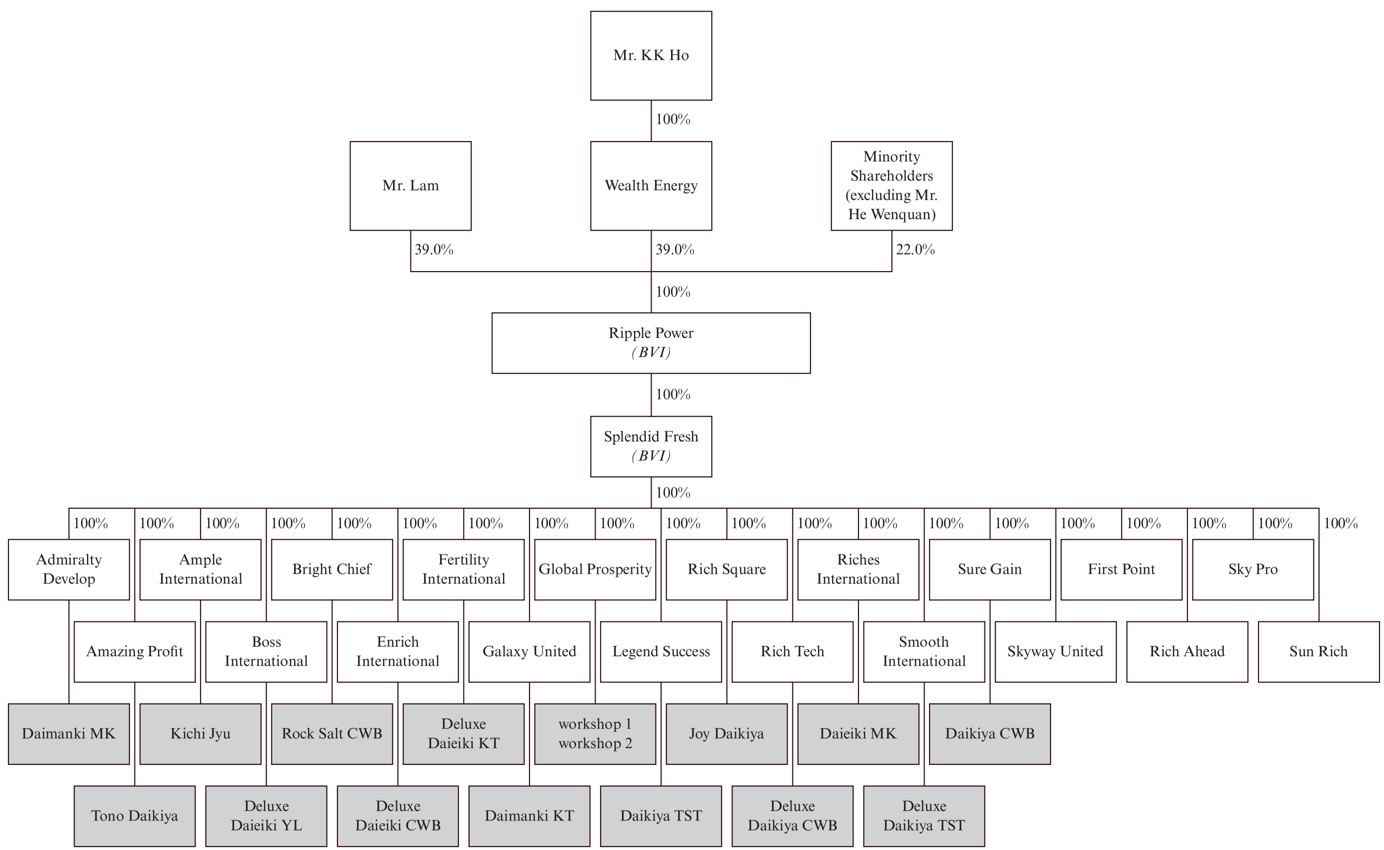
(17) On 16 April 2018, the initial subscriber of Rich Ahead, who was an Independent Third Party, as transferor and Splendid Fresh as transferee, transferred one share of Rich Ahead, representing the entire issued share capital of Rich Ahead to Splendid Fresh at the consideration of HK$1. After the aforesaid acquisition, Rich Ahead became a wholly-owned subsidiary of Splendid Fresh.

(18) On 16 April 2018, the initial subscriber of First Point, who was an Independent Third Party, as transferor and Splendid Fresh as transferee, transferred one share of First Point, representing the entire issued share capital of First Point to Splendid Fresh at the consideration of HK$1. After the aforesaid acquisition, First Point became a wholly-owned subsidiary of Splendid Fresh.

(19) On 11 June 2018, Mr. Lam (as vendor) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired one issued ordinary share of Sky Pro, being the entire issued share capital of Sky Pro. In consideration of the above and at the direction of Mr. Lam, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid. After the aforesaid acquisition, Sky Pro became a wholly-owned subsidiary of Splendid Fresh.

(20) On 11 June 2018, Mr. Lam (as vendor) and Splendid Fresh (as purchaser) entered into a sale and purchase agreement, pursuant to which Splendid Fresh acquired one issued ordinary share of Sun Rich, being the entire issued share capital of Sun Rich. In consideration of the above and at the direction of Mr. Lam, Splendid Fresh allotted and issued one share to Ripple Power, credited as fully paid. After the aforesaid acquisition, Sun Rich became a wholly-owned subsidiary of Splendid Fresh.

After the aforesaid sales, transfers and issues of shares, (1) Admiralty Develop, (2) Amazing Profit, (3) Ample International, (4) Boss International, (5) Bright Chief, (6) Enrich International, (7) First Point, (8) Fertility International, (9) Galaxy United, (10) Global Prosperity, (11) Legend Success, (12) Rich Ahead, (13) Rich Square, (14) Rich Tech, (15) Riches International, (16) Sky Pro, (17) Smooth International, (18) Sun Rich, (19) Sure Gain and (20) Skyway United became wholly-owned by Splendid Fresh.



Step 3: Disposal by Wealth Energy of its shares in Ripple Power

Mr. KK Ho was diagnosed with coronary artery disease and underwent an angioplasty surgery in early June 2017. Prior to Mr. KK Ho's resignation in March 2017, he was a director of our Group and assisted Mr. Lam in our Group's business. He was mainly responsible for (a) administrative matters, including human resources and marketing; (b) tracking progress of opening new restaurants; and (c) handling environmental, health and hygiene matters for six restaurants of our Group. With the development and expansion of the business and operation of our Group, Mr. KK Ho's duties had become heavier. In light of his health conditions, the significant cost and workload of preparation of Listing, Mr. KK Ho decided to resign from his director's role in our Group, and change his business focus to passive investments or business opportunities that would not require his substantial involvement, such as investment funds and real property investments through utilising the proceeds from the disposal of his interests in our Group.

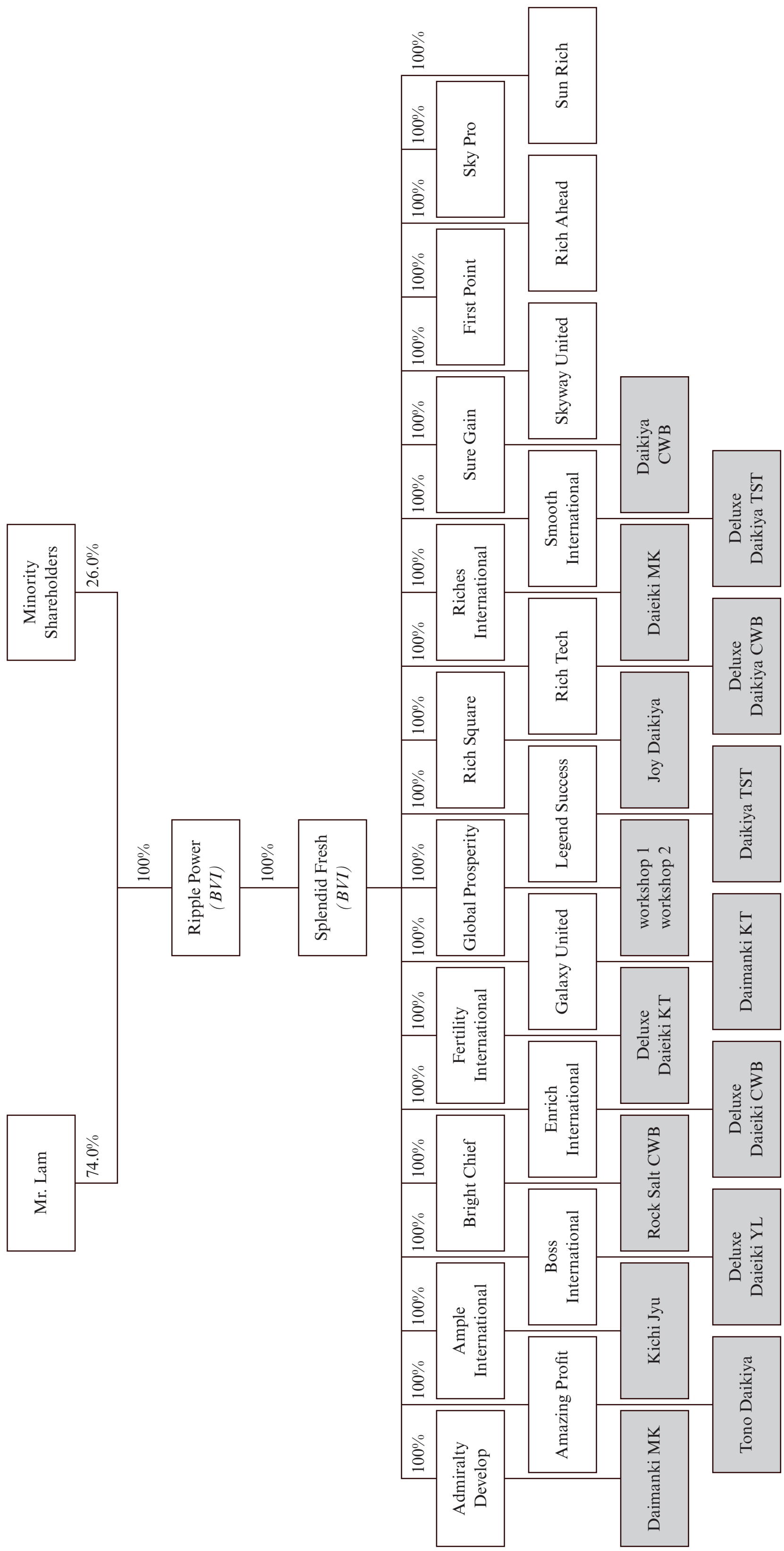
Considering his health condition and the need of capital for his passive investments, Mr. KK Ho resigned as a director of our Group on 30 March 2017 and subsequently transferred all his interest in our Group to Mr. He Wenquan ("**Mr. He**") who is Mr. KK Ho's cousin and Mr. Lam for cash on 28 March 2018.

Mr. He works in his family business which operates in Zhongshan, city of Guangdong province of the PRC and supplies dried seafood to local restaurants. Through business dealings with his restaurant customers, Mr. He became interested in investing in the catering service industry. In or around March 2018, Mr. KK Ho decided to dispose of his interests in our Group. Seeing that Mr. He was interested to invest in the catering service industry, Mr. KK Ho invited Mr. He, and Mr. He agreed, to invest in our Group by acquiring a small percentage of Mr. KK Ho's shares in our Group. Mr. He is not the only relative of Mr. KK Ho who did not have any previous role in our Group before investing in our Group. Among the Minority Shareholders, Mr. Ho Hok Fung, Mr. Shi Chaozong, Mr. Sun Baihui and Ms. Ho Siu Mei are also relatives of Mr. KK Ho.

Pursuant to a sale and purchase agreement dated 28 March 2018 entered into between Wealth Energy as vendor and Mr. He as purchaser, Wealth Energy agreed to sell and Mr. He agreed to purchase 617 issued shares of Ripple Power held by Wealth Energy, representing approximately 4.0% of the entire issued share capital of Ripple Power, at the consideration of HK$3,800,000. The completion of the acquisition took place on 28 March 2018.

Pursuant to a sale and purchase agreement dated 28 March 2018 entered into between Wealth Energy as vendor and Mr. Lam as purchaser, Wealth Energy agreed to sell and Mr. Lam agreed to purchase 5,362 issued shares of Ripple Power held by Wealth Energy, representing 35.0% of the entire issued share capital of Ripple Power, at the consideration of HK$33,000,000. The completion of the acquisition took place on 28 March 2018.

The consideration of the abovementioned share transfers were determined based on the mutual negotiation between Mr. KK Ho and Mr. He and Mr. Lam considering the factors of the profitability of our Group at that time as well as the dividend declared by our Group on 28 March 2018 to which Mr. KK Ho was entitled. The total sum of the consideration of HK$36,800,000 plus the dividend entitled reflected FY2017 price to earnings of approximately 5 times.


Mr. Lam
74.0%
Minority Shareholders
26.0%
100%
Ripple Power (BVI)
100%
Splendid Fresh (BVI)
100%
Admiralty Develop
Ample International
Bright Chief
Fertility International
Global Prosperity
Rich Square
Riches International
Sure Gain
First Point
Sky Pro
Amazing Profit
Boss International
Enrich International
Galaxy United
Legend Success
Rich Tech
Smooth International
Skyway United
Rich Ahead
Sun Rich
Daimanki MK
Kichi Jyu
Rock Salt CWB
Deluxe Daieiki KT
workshop 1 workshop 2
Joy Daikiya
Daieiki MK
Daikiya CWB
Tono Daikiya
Deluxe Daieiki YL
Deluxe Daieiki CWB
Daimanki KT
Daikiya TST
Deluxe Daikiya CWB
Deluxe Daikiya TST

Step 4: Incorporation of Satisfied Bliss and our Company

Satisfied Bliss was incorporated in the BVI on 23 October 2018 and one fully paid ordinary share of Satisfied Bliss was allotted and issued to Mr. Lam on 23 January 2019, representing the entire issued share capital of Satisfied Bliss. Satisfied Bliss is an investment-holding vehicle of Mr. Lam.

Our Company was incorporated on 25 February 2019 in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. One fully-paid Share was allotted and issued to the subscriber to the memorandum and articles of association of our Company, which was transferred to Satisfied Bliss at par on the same date. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 6 May 2019.

Step 5: Acquisition of Ripple Power by our Company

On 20 December 2019, Mr. Lam and the Minority Shareholders as the vendors and our Company as purchaser entered into a sale and purchase agreement whereby Mr. Lam and the Minority Shareholders transferred all their respective shares in Ripple Power to our Company. In consideration of the above, our Company allotted and issued an aggregate of 9,999 Shares, credited as fully paid, to Satisfied Bliss (at the request and direction of Mr. Lam) and each Minority Shareholder as follows:

	Name	No. of Shares allotted and issued by our Company	Approximate Percentage of shareholding (%)
	Satisfied Bliss	7,401	74.0
*	Mr. Chau Ka Yeung	80	0.8
	Ms. Chin Suk Yin	39	0.4
	Ms. Chio Chon Iok	49	0.5
*	Mr. Choi Tsz Wong	19	0.2
	Mr. Ho Hok Fung	7	0.1
	Ms. Ho Siu Mei	5	0.1
*	Mr. Hsu Chi Yung	93	0.9
	Mr. Jim Chong Keung	16	0.2
*	Mr. OY Lam (Note 1)	91	0.9
*	Mr. Lam Ying Kit	32	0.3
	Ms. Liu Junrong (Note 1)	32	0.3
	Mr. Lee Chun Lung	32	0.3
*	Mr. Leung Nok Shun	54	0.5
*	Mr. Lin Kwok Hung	507	5.1
*	Mr. Lo Tak Cheung	27	0.3
*	Mr. TF Lo	56	0.6
	Mr. Ngan Hon Wing	185	1.8
	Mr. Shi Chaozong	65	0.7
	Mr. Sun Baihui	56	0.6
*	Mr. Sze Yau Yam	16	0.2
*	Mr. Tsang Yuk Pan	37	0.4
*	Mr. Tse Wing Hong	63	0.6

	Name	No. of Shares allotted and issued by our Company	Approximate Percentage of shareholding (%)
*	Mr. Wong Chi Fung (Note 1)	105	1.0
*	Mr. Wong Ka Kin	20	0.2
	Ms. SW Wong (Note 1)	13	0.1
*	Mr. Wong Ting Chung	366	3.6
*	Mr. Wong Wing Sing	50	0.5
*	Mr. Yeung Chun Sing	13	0.1
*	Mr. Yeung Tit Fung	13	0.1
*	Mr. Yu Shun On	38	0.4
*	Mr. Yung Chung Ngai	16	0.2
	Mr. He Wenquan	403	4.0
	Total	9,999	100%

Note: (1) Mr. OY Lam, Ms. SW Wong, Ms. Liu Junrong and Mr. Wong Chi Fung are the elder brother, a sister-in-law, a sister-in-law and a cousin of Mr. Lam, respectively.

(2) The person marked with "*" is or was an employee of our Group.

(3) Save and except Mr. OY Lam, Ms. SW Wong, Ms. Liu Junrong and Mr. Wong Chi Fung, being the elder brother, a sister-in-law, a sister-in-law and a cousin of Mr. Lam, respectively, the Minority Shareholders are independent of Mr. Lam.

After the aforesaid acquisition, Ripple Power became a direct wholly-owned subsidiary of our Company. The aforesaid acquisition was completed and settled on 20 December 2019.

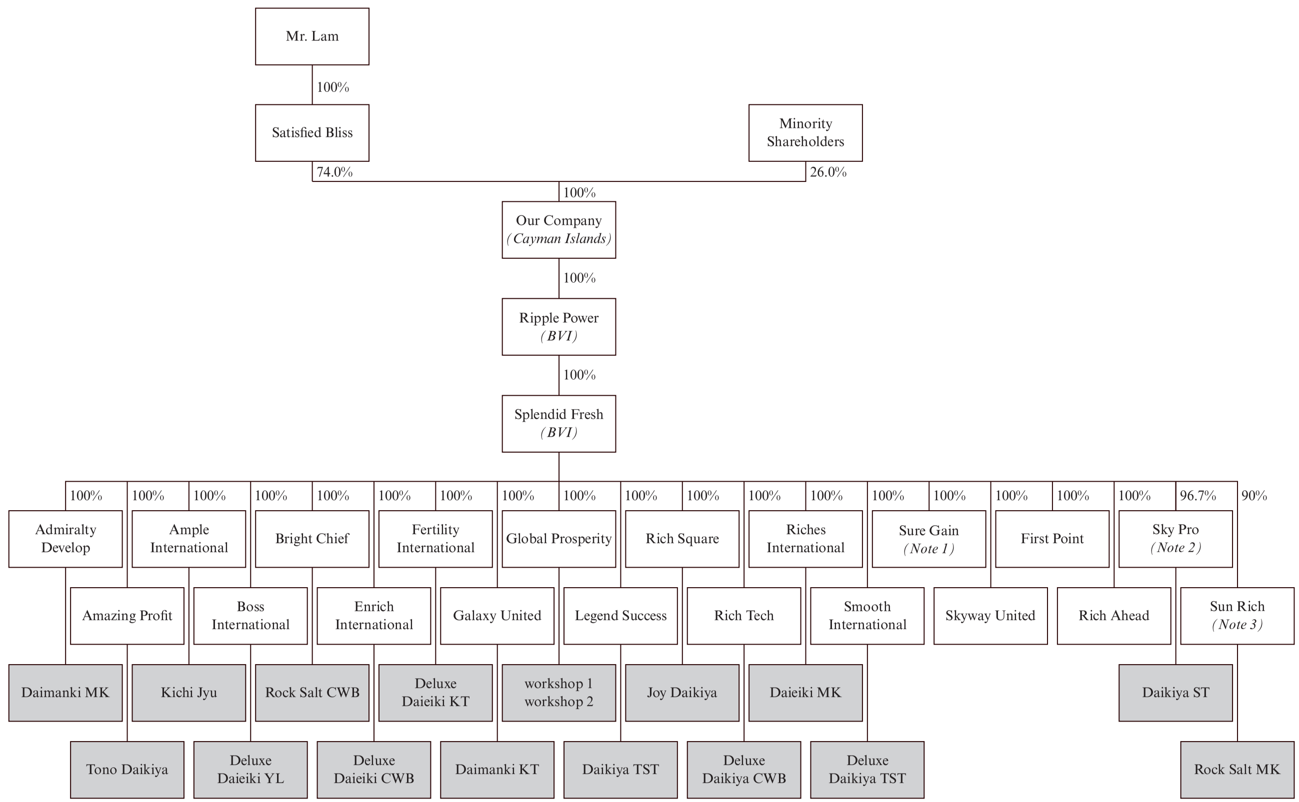
On 20 December 2019, our Company increased its authorised share capital of HK$380,000 divided into 38,000,000 Shares to HK$20,000,000 divided into 2,000,000,000 Shares.

Capitalisation issue

Conditional upon the share premium account of our Company having sufficient balance, or otherwise being credited with the proceeds of the Share Offer, an appropriate sum will be capitalised and applied in paying up in full such number of Shares to be allotted and issued to the Shareholders whose names are on the register of members or the principal share register of our Company prior to the Share Offer so that the aggregate number of Shares so allotted and issued will constitute not more than 75% of the enlarged issued share capital of our Company.

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION BUT BEFORE COMPLETION OF THE SHARE OFFER AND THE CAPITALISATION ISSUE

Upon completion of the Reorganisation set out above, our Company became the holding company of our Group. The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation but prior to the completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme):

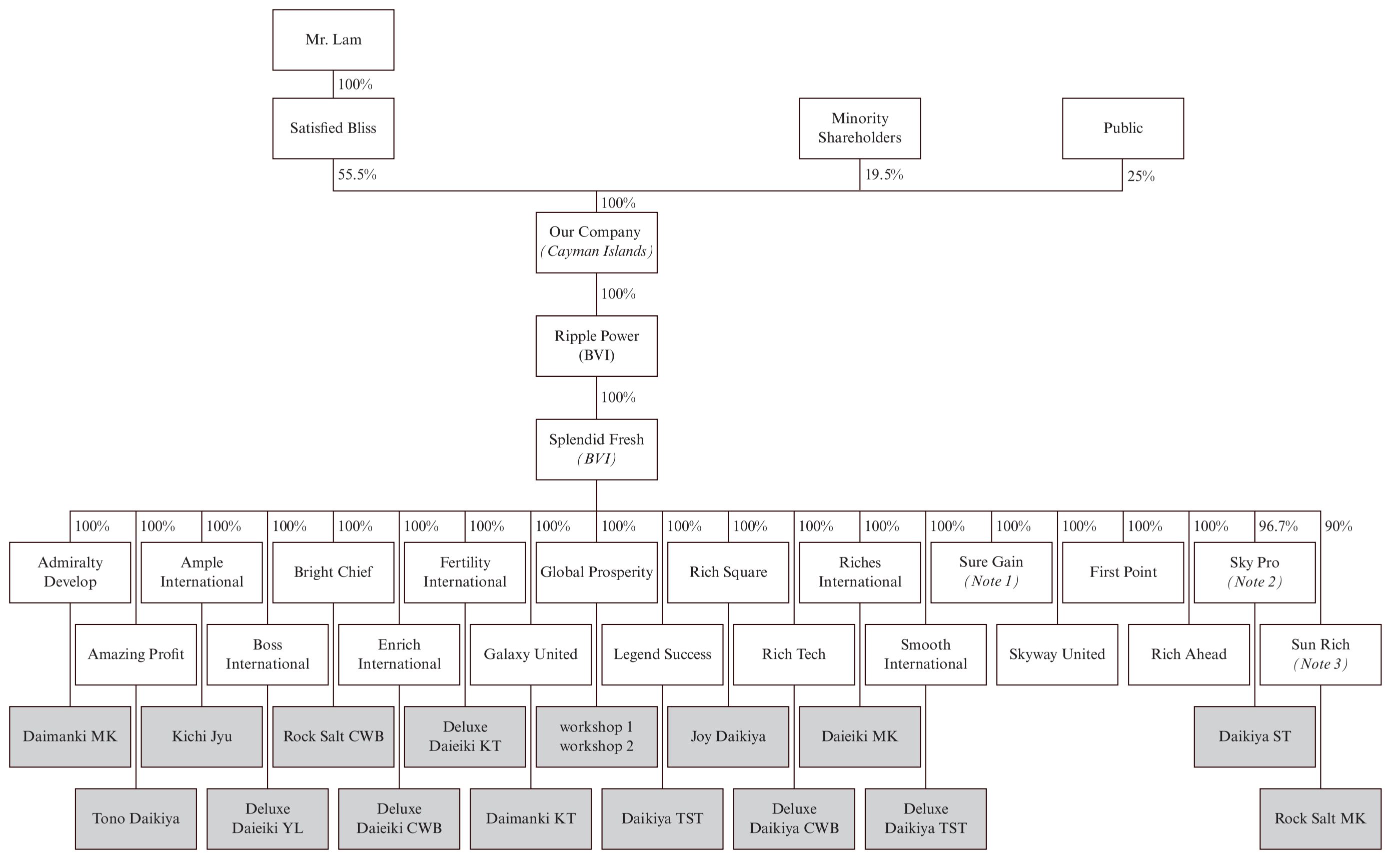


Notes:

1. Daikiya CWB operated by Sure Gain ceased business in March 2019.
2. Sky Pro is owned as to 96.7% by Splendid Fresh and 3.3% by Mr. Chiu, who is a former employee of our Group and an Independent Third Party.
3. Sun Rich is owned as to 90% by Splendid Fresh and 10% by Mr. Yip, who is an employee of our Group and an Independent Third Party.

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION, THE SHARE OFFER AND THE CAPITALISATION ISSUE

The following chart sets forth the shareholding structure of our Group immediately following the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme):



Notes:

1. Daikiya CWB operated by Sure Gain ceased business in March 2019.
2. Sky Pro is owned as to 96.7% by Splendid Fresh and 3.3% by Mr. Chiu, who is a former employee of our Group and an Independent Third Party.
3. Sun Rich is owned as to 90% by Splendid Fresh and 10% by Mr. Yip, who is an employee of our Group and an Independent Third Party.

OVERVIEW

We are a Hong Kong based Japanese cuisine restaurant group focusing on Japanese all-you-can-eat (日式放題料理) cuisine and have cultivated a diverse local customer base in Hong Kong. According to the CIC Report, we ranked first in the Japanese all-you-can-eat cuisine restaurant market in Hong Kong in terms of revenue in 2018 with a market share of approximately 37.1%. As at the Latest Practicable Date, we operated 15 restaurants in Hong Kong, of which 13 restaurants served Japanese all-you-can-eat cuisine and two restaurants served Japanese a-la-carte cuisine. During the Track Record Period and up to the Latest Practicable Date, we opened eight new restaurants including six Japanese all-you-can-eat cuisine restaurants and two Japanese a-la-carte cuisine restaurants which expanded our geographic footprint in Hong Kong and diversified the type of cuisine offerings, and we closed down one all-you-can-eat restaurant in March 2019 due to the expiry of tenancy. Our Group restaurants occupied a total licensed floor area of approximately 8,019.29 sq. m. with approximately 4,264 seating in total as at the Latest Practicable Date. In order to support our restaurant operations, we currently have two workshops in Hong Kong which serve food pre-processing and storage functions.

We have adopted a multi-brand strategy with a view to offering mass market customers with different dining experience with a focus on our flagship brand of Daikiya (大喜屋). Over the years, we have developed other brands such as Daieiki (大瀛喜), Daimanki (大滿喜), Kichi Jyu (吉壽) and Rock Salt (岩鹽) with slightly different market focuses including family groups, the younger generation and white collar in Hong Kong as illustrated below:

Our brand and reputation has primarily been built through word-of-mouth of satisfied customers and the support of returning customers. For example, we have been awarded (i) the OpenRice Best Japanese Restaurant (最優秀日本菜餐廳) from 2015 to 2018; and (ii) the OpenRice Best Restaurants (最優秀開飯熱店) by districts, including Tsim Sha Tsui, Mong Kok, Wan Chai and Causeway Bay, during the Track Record Period. We have been recognised as EatSmart Restaurant (有營食肆) by the Department of Health of the Government in 2018 and 2019, respectively. In 2017, Dian Ping (大眾點評), one of China's leading e-commerce platforms for services, awarded us the Certificate of Popularity for the Year 2017 (2017年度人氣商戶) for recognition of our popularity and brand influence. Our Daikiya (大喜屋), Deluxe Daikiya (極尚大喜屋), Joy Daikiya (樂天大喜屋), and Tono Daikiya (殿大喜屋) brands have been awarded the recognition of "Quality Restaurant" (優質餐館) by the Hong Kong Tourism Board under the Quality Tourism Services (QTS) Scheme in both 2018 and 2019.

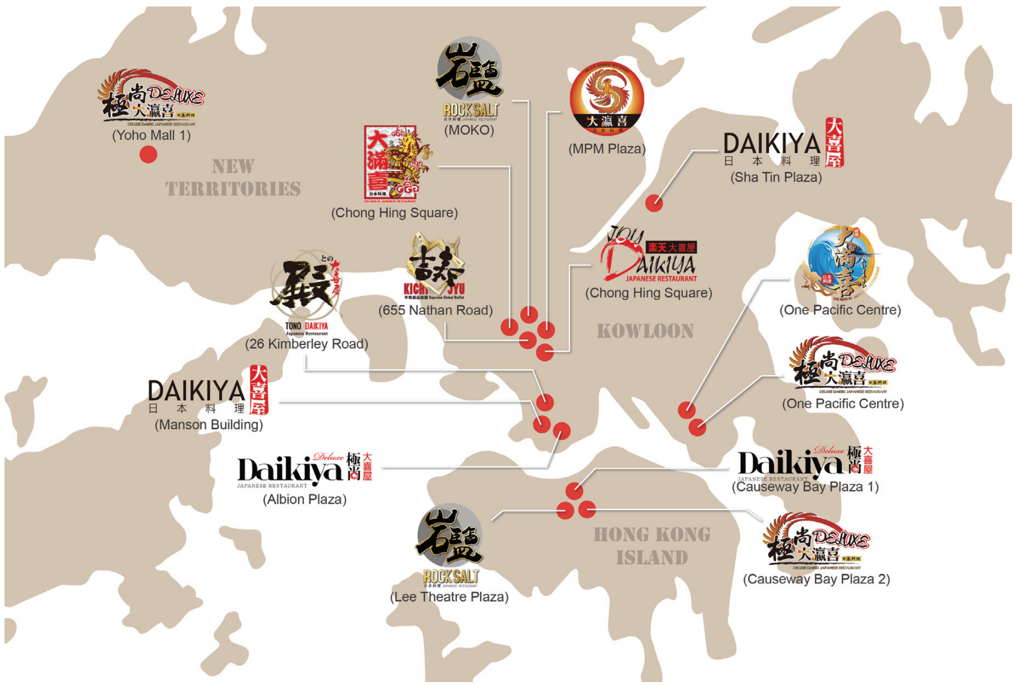
Riding on our brand reputation and success in operating Japanese all-you-can-eat cuisine restaurants in Hong Kong, we continued to widen our horizon by reaching out to customers with Japanese a-la-carte style preferences. In July 2017, we opened our first Japanese a-la-carte restaurant, Rock Salt CWB, under our Rock Salt (岩鹽) brand in Lee Theatre Plaza, Causeway Bay, Hong Kong serving Japanese style a-la-carte and set menus to customers. In December 2019, our second Japanese a-la-carte restaurant, Rock Salt MK, commenced operation in MOKO, Mongkok. The following table sets forth the components of our revenue for the periods indicated:

	FY2017			FY2018			FY2019			For the four months ended 31 July 2018			For the four months ended 31 July 2019		
	Number of restaurants	*HK$'000*	*%*	*Number of restaurants*	*HK$'000*	*%*	*Number of restaurants*	*HK$'000*	*%*	*Number of restaurants*	*HK$'000 (unaudited)*	*%*	*Number of restaurants*	*HK$'000*	*%*
All-you-can-eat	10	555,160	100.0	13	696,516	97.7	12	811,732	96.7	13	280,222	97.0	13	254,091	96.5
A-la-carte	—	—	—	1	16,668	2.3	1	27,289	3.3	1	8,631	3.0	1	9,332	3.5
Total revenue	10	555,160	100.0	14	713,184	100.0	13	839,021	100.0	14	288,853	100	14	263,423	100

During the Track Record Period, we generated all of our revenue from restaurant operations. For FY2017, FY2018 and FY2019, we achieved a continued growth in our revenue which benefited from the commencement of new restaurants coupled with the impact of their full year operations and the expansion of the type of cuisine offered. Our revenue increased from approximately HK$555.2 million for FY2017 to HK$713.2 million for FY2018 and further increased to HK$839.0 million for FY2019, respectively, representing a CAGR of 22.9% from FY2017 to FY2019. Our revenue decreased by approximately HK$25.4 million or 8.8% for the four months ended 31 July 2019 as compared to the four months ended 31 July 2018. Such decrease was mainly attributable to the decrease in number of customer visits as influenced by the social unrest since June 2019 and the closure of Daikiya CWB in March 2019 which effect was partly offset by the commencement our new Daikiya ST restaurant opened in June 2019. Our profit for the year decreased from approximately HK$47.1 million for FY2017 to HK$37.3 million for FY2018 and increased to HK$92.2 million for FY2019, representing a CAGR of approximately 40.0%. Our profit for the period decreased by approximately 66.1% from HK$37.5 million for the four months ended 31 July 2018 to HK$12.7 million for the four months ended 31 July 2019. Such decrease was mainly a result of a decrease in the overall Group revenue and increase in other operating expenses and Listing expenses during such period. See "Financial Information – Review of Historical Results of Operation – Profit for the year" in this prospectus for detailed discussion and analysis.

Our history can be traced back to 2010. With the vision to promote Japanese all-you-can-eat dining experience to customers, Mr. Lam, our co-founder, chairman of the Board, chief executive officer and an executive Director, introduced our first restaurant Daikiya Central in Central, Hong Kong. Since then, we have put great efforts in developing new menus and refining our dishes to cater for the changing customer preferences, taste, food and nutrition trends. We strive to offer quality Japanese food and authentic delicacies at good value for our customers. Since 2012, we opened a new page of our corporate history by expanding our footprint in districts outside of Central, such as Mongkok, Causeway Bay, Tsim Sha Tsui, Kwun Tong, Shatin and Yuen Long. Over the years, we have established customer loyalty and reputation through word-of-mouth. We have maintained a strong, stable and solid business relationships with our major suppliers.

Our restaurant locations as at the Latest Practicable Date are shown below:



Our restaurants are located in residential areas as well as commercial areas, with main target customers of local diners, in particular, the younger generation, family group and white collar.

COMPETITIVE STRENGTHS

Our Directors believe our Group possesses the following competitive strengths:

Iconic Japanese all-you-can-eat cuisine restaurant brands

We take pride in our own iconic Japanese all-you-can-eat cuisine brands in Hong Kong, including Daikiya (大喜屋), Daieiki (大瀛喜), Daimanki (大滿喜) and Kichi Jyu (吉壽). Since our establishment in 2010 and over the years, we have successfully built our own brands through serving quality, healthy, safe and fresh Japanese all-you-can-eat cuisine to customers. Our portfolio of brands has different market focuses including family groups, the younger generation and white collar in Hong Kong. We have established a strong brand awareness among Japanese all-you-can-eat lovers through serving quality food ingredients and attractive combination of dish offerings. Our Directors believe that our flagship brand Daikiya (大喜屋) gives our customers confidence in food safety, food quality, restaurant hygiene and enjoyable dining experiences. We believe our brand reputation and influence differentiate us from our competitors and maintain our popularity and customer loyalty over the years. In recognition of our efforts, we have won the OpenRice Best Restaurant

Awards — Best Japanese Restaurant (最優秀開飯日本菜餐廳) and we have been recognised as the "Quality Restaurant" (優質餐館) by the Hong Kong Tourism Board in 2018 and 2019.

We recognise the importance of capturing a diverse range of customers in the catering service market, and we take pride in our ability to design and develop our portfolio of brands. To differentiate the images of our brands, we decorated with different interior design concepts and decoration aiming to provide unique ambience and dining experiences for our customers. Our portfolio of brands provides us with a wide customer base, diversifies our commercial risks and enhances our market penetration.

Leading market position in Hong Kong well-positioned for continuing growth

According to the CIC Report, in 2018, we ranked: (i) first in the Japanese all-you-can-eat restaurant market in terms of revenue in Hong Kong; (ii) second in the Japanese restaurant market in terms of revenue in Hong Kong. As at the Latest Practicable Date, we operated 15 restaurants located in prime locations in Hong Kong, including Causeway Bay, Tsim Sha Tsui, Mongkok, Kwun Tong, Shatin and Yuen Long. With our restaurants being ideally located in prime areas which benefited from high foot traffic, we have managed to build loyal customer base and actively acquired new customers.

As a result of our scale of operations and leading position in the Japanese all-you-can-eat restaurant market, we managed to achieve economies of scale, cost effectiveness and efficiencies in our business operations. We are able to achieve our economies of scale through our ability to negotiate better prices when purchasing large quantities of food ingredients for our Group, which in turn lowers our cost of food. We also benefit from greater food production efficiency through economies of scale in food production, such as systemic food production and economic use of food ingredients. We pre-process certain food ingredients at our workshop to lower operational costs and wastage at our restaurants.

According to the CIC Report, with the Japanese restaurant market generating HK$10,907.7 million in revenue in Hong Kong during 2018, Japanese all-you-can-eat cuisine is the second largest segment with a market share of 20.0% reaching HK$2,179.4 million in terms of revenue in 2018. According to the CIC Report, Japanese all-you-can-eat cuisine will continue to be the most popular type of Japanese cuisine because customers can enjoy a wide variety of delectable dishes based on personal preference as well as the unlimited refills dining experience. The Japanese all-you-can-eat cuisine segment in Hong Kong is expected to expand and reach approximately HK$2,977.4 million by 2023, representing a CAGR of approximately 6.4% between 2018 and 2023, according to the CIC Report.

With our leading position in the Japanese all-you-can-eat restaurant market in Hong Kong, combined with the recognition of our popularity and brand influence by Dian Ping (大眾點評), one of the leading e-commerce platforms for services in China, we believe we will continue to attract guests from China and diversify our customers base in Hong Kong to achieve continued growth in a growing market.

Commitment to food quality and offer new and seasonal products

We are committed to consistently serving customers with quality, healthy and fresh food. We believe when customers appreciate and enjoy the value in the quality food that we offer, customer satisfaction will increase and choose food items that they like or care to eat.

We strive to ensure consistent quality and safety in the food we serve in all our restaurants across different locations. We have developed stringent quality control measures and procedures governing our restaurant operations and our supply chain, from procurement to food processing, inventory and logistics. In order to ensure the quality of our food ingredients, we insist on purchasing quality food ingredients from selected suppliers. We also seek to provide a diversified and dynamic menu by developing new menus, entrée, side dishes and delectable desserts, from holiday-themed menus to chef surprises. We serve fresh and in-season food ingredients and refine our existing menus by designing healthy menus regularly. As a result of our efforts, some of our restaurants have been recognised as the EatSmart Restaurant (有營食肆) by the Department of Health of the Government since 2018.

Visionary, dedicated and experienced management team and a team of experienced chefs

Our Group is led by Mr. Lam, our co-founder, chief executive office, chairman of the Board and an executive Director, together with an experienced and dedicated management team with extensive operational expertise and in-depth understanding of the catering service industry in Hong Kong. Mr. Lam possesses over 14 years of experience in catering industry. Mr. Lam has been persistent in his pursuit of serving quality, healthy, safe and fresh Japanese cuisine. One of our executive chefs has served our restaurant group for more than eight years. Most of our management team have been with our Group for more than five years. We believe that a stable and experienced leadership team and a team of experienced chefs allow us to ensure the quality and taste of our food served at our restaurants and the quality of our services and spearhead our growth. Over the years, we believe we have successfully developed our brands known for evolving with time to become a group of 15 restaurants as at the Latest Practicable Date. Under the leadership of Mr. Lam and driven by his vision and capability, today we have become a reputable and award-winning Japanese cuisine restaurant group focusing on all-you-can-eat cuisine in Hong Kong.

BUSINESS STRATEGIES

Our objective is to continue to grow and expand our business, further strengthen our position by implementing the following strategies:

Continue to strategically expand our restaurant network in Hong Kong

We intend to continue expanding our restaurant network to enhance our market penetration in Hong Kong. To achieve this, we plan to expand our footprint by establishing four new Japanese all-you-can-eat restaurants under our Deluxe Daieiki (極尚大瀛喜), Deluxe Daikiya (極尚大喜屋) and Daieiki (大瀛喜) brands and two new Japanese a-la-carte restaurants under our Rock Salt (岩鹽) brand at locations which are highly accessible and visible with a relatively high level of customer flow by 30 September 2022. We planned to fund three of our new restaurants, including one Japanese all-you-can-eat and two Japanese a-la-carte restaurants by internal resources and the remaining three new Japanese all-you-can-eat restaurants by the net proceeds from the Share Offer. Subsequent to the Track Record Period, one out of the aforementioned six new restaurants was opened in December 2019 under our Rock Salt brand in Mongkok. Our Rock Salt MK restaurant serves Japanese a-la-carte cuisine and its opening was financed by internal resources. We believe that there is significant potential to increase our penetration and solidify our market presence in districts where our existing restaurants have relatively high seat turnover rates or high profit margin or our existing restaurants are not currently located. To that end, we plan to concentrate our efforts by expanding into areas where our existing restaurants have relatively high seat turnover rates or long waiting time in order to divert customer traffic to our new restaurants in the vicinity. We believe that by doing so, we will be able to increase our revenue, promote our brand awareness and expand our customer base. We are seeking suitable locations for our proposed new restaurants and will consider factors including the suitability of the location, the level of customer traffic and demographics in the area. See "Our brand and restaurant portfolio — Our site selection and development policy" in this section for details.

Set out below are the brand, the district, the expected time of the commencement of operation subsequent to the Track Record Period and up to 30 September 2022, the expected seating capacity, the estimated average spending per customer, the estimated average planned capital expenditure, the estimated monthly operating costs, the estimated breakeven and investment payback period of each new restaurant under our expansion plan:

Brand	District	Financial year of expected commencement of operation	(Expected)/ time of commencement of operation	(Expected)/ seating capacity for each restaurant	(Estimated)/ average spending per customer	(Estimated)/ capital expenditure for each restaurant	(Estimated)/ monthly operating costs for each restaurant	(Estimated)/ breakeven period for each restaurant	(Estimated)/ investment payback period for each restaurant
			(approx.)	*(seats)*	*(approx.) (HK$)*	*(HK$' million)*	*(HK$' million)*	*(months)*	*(months)*
(i) All-you-can-eat									
Deluxe Daieiki	New Territories West	FY2022	Q1 2022	444	250	14.3	5.9	2	24
Deluxe Daikiya	New Territories West	FY2021	Q2 2020	277	250	8.7	3.9	2	15
Deluxe Daikiya	New Territories East	FY2021	Q3 2020	211	250	6.6	2.8	2	14
Daieiki	New Territories West	FY2022	Q2 2021	187	250	6.0	2.6	2	15
(ii) A-la-carte									
Rock Salt MK	Mongkok, Kowloon	FY2020	December 2019	117	209	6.7	1.5	1	33
Rock Salt	New Territories West	FY2023	Q3 2022	121	204	7.8	1.4	2	31

The estimated capital expenditure for each new restaurant ranges from HK$6.0 million to HK$14.3 million which may vary according to their different size and location. We expect the initial monthly breakeven and investment payback periods of our newly-opened restaurants in 2020 to be generally similar to the historical range from one month to three months for breakeven and from three months to 20 months for investment payback per restaurant, respectively. Due to the difference in size and location of our restaurants, certain restaurants may have investment payback period longer than 20 months. See "Future Plans and Use of Proceeds" in this prospectus for details.

The estimated capital expenditures for expansion of our restaurant network, mainly comprising upfront costs of renovation, initial setup costs and rental deposits, are expected to be HK$9.7 million, HK$27.2 million, HK$32.5 million and HK$10.8 million for FY2020, FY2021, FY2022 and FY2023 respectively, of which HK$37.1 million will be funded by the net proceeds from the Share Offer and the remaining HK$43.1 million will be funded by our internal resources.

With regard to the operation of the new restaurants, we plan to hire additional employees to assume supervisory roles at the restaurant-level in order to retain talents within our Group. On the other hand, we expect to source casual workers from external labour service provider when it is cost efficient in order to manage seasonality in sales and the corresponding volatility in our Group's demand of manpower.

As at the Latest Practicable Date, apart from the tenancy agreement of our new Rock Salt MK restaurant which was opened in December 2019 at MOKO, Mongkok, we have yet to enter into any other formal agreement for the opening of our other new restaurants.

Establish a central kitchen to support our expansion

We plan to establish a central kitchen in Hong Kong to support our portfolio of restaurants and an additional six restaurants that we have opened or intended to open subsequent to the Track Record Period and up to September 2022 to further strengthen our restaurant network in Hong Kong. Our Directors estimated that the timeframe for establishing a central kitchen in Hong Kong with a size of approximately 1,400 sq. m. is generally around 12 months, which normally involves identifying and selecting a suitable location, negotiating the lease terms, fitting out and installing new production line and machineries. Our Directors considered that our existing workshop has limited function and capacity and is insufficient to support our business development and expansion plan.

Considering the expansion of our business and the increasing emphasis on food safety and hygiene, we plan to establish a central kitchen to allow for better control of our costs, food quality consistency and operational efficiency through centralised food processing, and reduce reliance on labour force at our restaurants. Our cold storage facilities will be able to support and maintain a stable and consistent supply of frozen food ingredients to our existing and new restaurants. Our cold storage trucks will support the delivery of the frozen food ingredients to our restaurants and to ensure the freshness of the same.

Our central kitchen will allow us to control costs more efficiently by centralised procurement. Currently, each of our existing restaurants purchases the food ingredients separately from our approved suppliers. With a central kitchen, all of the purchases of food ingredients, including existing and new restaurants will be centralised and made through our procurement department. We believe our centralised procurement will strengthen our bargaining power with suppliers through purchasing in bulk and thereby reducing the costs of our food ingredients.

In addition, we believe that food hygiene and safety is one of our key success factors. We expect that the establishment of a central kitchen will help us to ensure the consistent quality of food across our restaurants and reduce our reliance on restaurant-level kitchen staff for better assurance over quality and stability of our product quality as well as enhanced management over costs, as we continue to expand our restaurant network and deepen our market penetration in Hong Kong.

As part of our central kitchen establishments, we plan to set up and house an automated production line in our central kitchen for fish slicing, filleting and processing as well as automated machineries for meat processing to enhance our operational efficiency, reduce food procurement cost and reliance on labour force at the restaurant-level. Our Directors expect that the net cost saving per year resulting from the operation of the central kitchen and cold storage is estimated to be approximately HK$3.6 million. See "Future Plans and Use of Proceeds — Implementation Plans — Establish a central kitchen to support our expansion" in this prospectus for details.

Our Directors considered that, from an environmental perspective, setting up our central kitchen would help to increase our food production efficiency through higher economies of scale in production, such as economic use of food ingredients, reduction of wastage of food ingredients and specialisation of labour in our central kitchen.

We are in the process of identifying a suitable location in Hong Kong to establish our central kitchen by the end of FY2021. Our Directors currently estimated that the total costs for setting up the new central kitchen, including renovation, equipment purchase, rental deposits costs are approximately HK$50.0 million. Major costs of establishing a central kitchen include cost of setting up a fish processing production line, cost of purchasing five sets of automated meat processing machineries and the initial set-up costs (including fitting out works and renovation and installation of facilities, four cold storage trucks and rental deposits and variable costs such as staff costs and rentals) up to 30 March 2021 are approximately HK$50.0 million in aggregate. We expect to apply a total of HK$50.0 million or 41.0% of the net proceeds from the Share Offer to establish the new central kitchen and cold storage facilities for our Group.

As at the Latest Practicable Date, we have yet to enter into any formal lease agreement for the establishment of our new central kitchen.

Uplift of our existing restaurants

We believe the up-keeping and ambiences of our restaurants form an important part of our customers' dining experience. We intend to refurbish four of our existing restaurants, including Daimanki MK, Deluxe Daikiya TST, Joy Daikiya and Deluxe Daieiki CWB, by the end of September 2021 to reinforce and enhance our brand image and customers' dining experience. The three existing restaurants which we planned to refurbish had not undergone renovation since their commencement of businesses. The planned refurbishment work will normally include refreshing the restaurant outlook and dining settings and upgrading the kitchen equipment. The refurbishment work is estimated to be completed within two months for each restaurant. We plan to minimise the impact of such refurbishment on our operation to the extent possible by implementing the refurbishment by stages. As such, the estimated loss of revenue from each restaurant due to temporary suspension of operation is insignificant, our Directors consider that the refurbishment work will not materially affect the operation and financial performance of our Group.

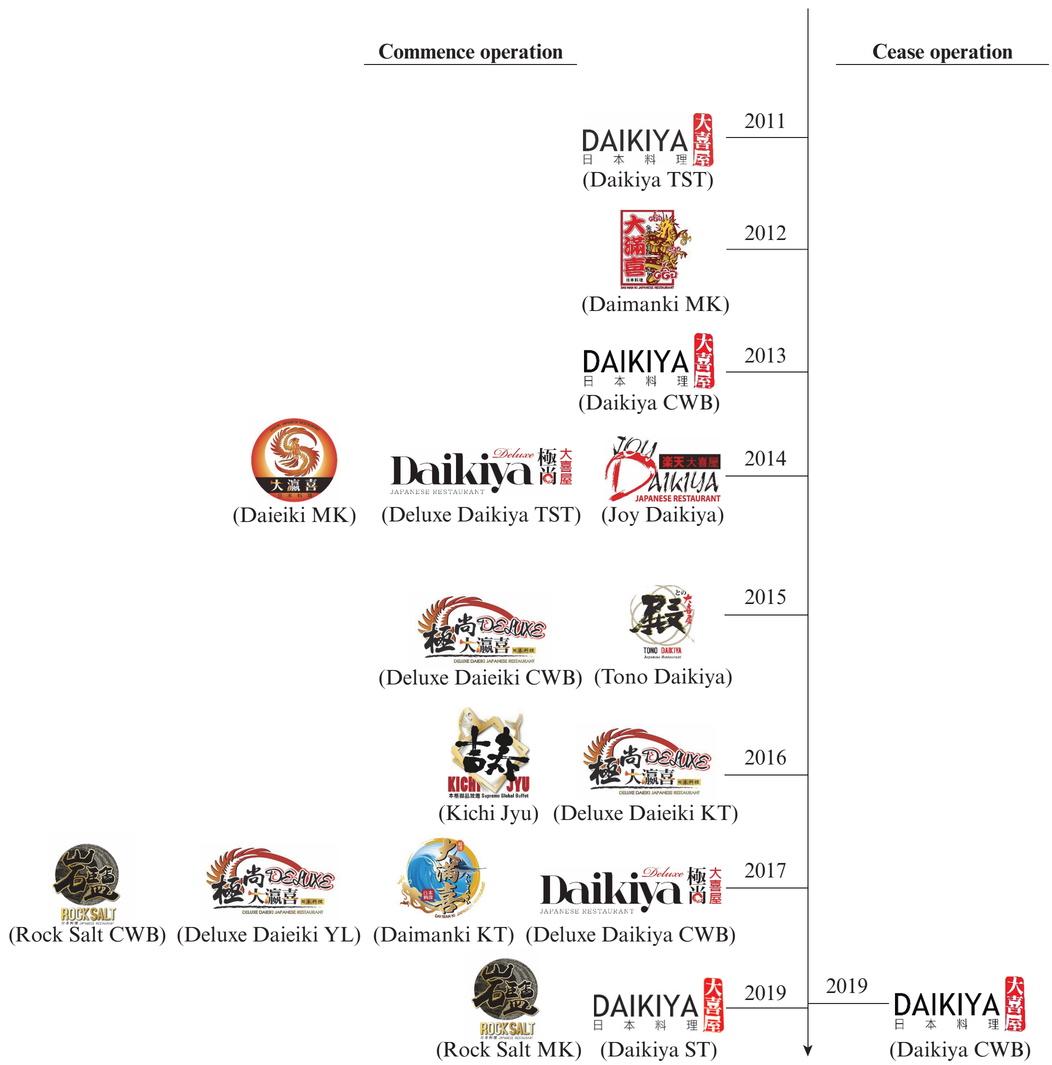
The estimated total cost for the refurbishment of four of our existing restaurants would be approximately HK$29.9 million, which is calculated based on the fee quotations obtained by us and with reference to the historical expenditures, and will be funded by the net proceeds of the Share Offer. In addition, we may plan to carry out other refurbishment work which will be financed by our internal resources. For further details, see "Future Plan and Use of Proceeds — Implementation Plans — Uplift of our existing restaurants" in this prospectus.

OUR BUSINESS

During the Track Record Period, we generated all of our revenue from restaurant operations, including all-you-can-eat and a-la-carte cuisines. The following table sets forth the components of our revenue for the periods indicated.

	FY2017			FY2018			FY2019			For the four months ended 31 July 2018			For the four months ended 31 July 2019		
	Number of restaurants	*HK$'000*	*%*	*Number of restaurants*	*HK$'000*	*%*	*Number of restaurants*	*HK$'000*	*%*	*Number of restaurants*	*HK$'000 (unaudited)*	*%*	*Number of restaurants*	*HK$'000*	*%*
All-you-can-eat	10	555,160	100.0	13	696,516	97.7	12	811,732	96.7	13	280,222	97.0	13	254,091	96.5
A-la-carte	—	—	—	1	16,668	2.3	1	27,289	3.3	1	8,631	3.0	1	9,332	3.5
Total revenue	10	555,160	100.0	14	713,184	100.0	13	839,021	100.0	14	288,853	100	14	263,423	100

Set out below is a summary timeframe we commenced/ceased operation of each of our restaurants that had operation during the Track Record Period up to the Latest Practicable Date:



OUR BRAND AND RESTAURANT PORTFOLIO

As at the Latest Practicable Date, we operated 15 Japanese restaurants in Hong Kong, of which 13 restaurants served all-you-can-eat cuisine and two restaurants served a-la-carte cuisine. In order to support our restaurant operations, we currently have two workshops, which serve food pre-processing and storage functions.

We adopt a multi-brand strategy and develop our own brands with a primary focus on our flagship brand Daikiya (大喜屋). We take pride in our ability to establish and develop our own new brands. Our Directors believe that by adopting a multi-brand strategy for our Japanese all-you-can-eat restaurants, we will be able to strengthen the image of our individual brand, capture potential business opportunities and increase our market share. We recognise the importance of capturing the youth market by responding to the changing tastes of the customers. Through operating a multi-brand business model, we are able to diversify our menu items under different brands and serve Japanese all-you-can-eat cuisine under different styles of dining environment, which in turn help us develop an acumen for adjusting to the constantly changing and competitive catering service market, condition and customer preference. Over the years, we have developed our brands with slightly different market focuses including the younger generation, family groups and white collar. When deciding the market focus of a particular brand, we take into account factors such as pricing, menu items, special food ingredients offered and restaurant location of the brand. We further reinforce the uniqueness of each brand by allowing diversity in the menu items and difference in the interior décor.

We further developed our affiliated brands as set out below aiming to capture a diverse range of customers and promote different dining experience to customers. The table below sets forth our brand portfolio and the details of our restaurant network during the Track Record Period up to the Latest Practicable Date:

Brand portfolio	**Number of restaurants**	**Restaurant**	**Revenue for** **(i) FY2017** **(ii) FY2018** **(iii) FY2019** **(iv) the four months ended 31 July 2019** *(HK$'000)*	**Market focus and particulars**
Restaurants in operation as at the Latest Practicable Date				
(i)All-you-can-eat (日式放題料理) *(Note)*				
Daikiya (大喜屋) portfolio:				
DAIKIYA 日本料理 大喜屋	2	Daikiya TST	53,266 56,918 58,768 17,980	• Youth market • Restaurant opened in April 2011
		Daikiya ST	— — — 14,823	• Youth market • Restaurant opened in June 2019

Brand portfolio	Number of restaurants	Restaurant	Revenue for (i) FY2017 (ii) FY2018 (iii) FY2019 (iv) the four months ended 31 July 2019	Market focus and particulars
			(HK$'000)	
JOY DAIKIYA 楽天大喜屋 JAPANESE RESTAURANT	1	Joy Daikiya	80,302 75,450 80,539 25,665	• Youth market • Restaurant opened in December 2014
Daikiya Deluxe 極尚 大喜屋 JAPANESE RESTAURANT	2	Deluxe Daikiya CWB	— 34,710 53,946 19,190	• Family groups and youth market • Restaurant opened in August 2017
		Deluxe Daikiya TST	68,011 63,201 64,504 18,743	• Family groups and youth market • Restaurant opened in April 2014
殿 大喜屋 TONO DAIKIYA Japanese Restaurant	1	Tono Daikiya	71,315 76,190 81,556 23,860	• White collar • Restaurant opened in October 2015

Brand portfolio	Number of restaurants	Restaurant	Revenue for (i) FY2017 (ii) FY2018 (iii) FY2019 (iv) the four months ended 31 July 2019 *(HK$'000)*	Market focus and particulars
Daieiki (大瀛喜) portfolio:				
	1	Daieiki MK*	62,377 66,455 59,794 16,486	• Youth market • Restaurant opened in June 2014
	3	Deluxe Daieiki CWB	63,575 64,258 61,688 17,173	• Family groups and youth market • Restaurant opened in September 2015
		Deluxe Daieiki KT	20,759 85,328 90,803 29,825	• Family groups and youth market • Restaurant opened in December 2016
		Deluxe Daieiki YL	— 22,592 92,183 28,677	• Family groups and youth market • Restaurant opened in December 2017
Daimanki (大滿喜) portfolio:				
	1	Daimanki KT	— 15,932 39,283 12,306	• Youth market • Restaurant opened in November 2017
	1	Daimanki MK*	54,198 48,660 46,703 13,752	• Youth market • Restaurant opened in December 2012

Brand portfolio	Number of restaurants	Restaurant	Revenue for (i) FY2017 (ii) FY2018 (iii) FY2019 (iv) the four months ended 31 July 2019	Market focus and particulars
			(HK$'000)	
Kichi Jyu (吉壽)				
	1	Kichi Jyu*	47,130 55,497 55,172 15,611	• Youth market • Restaurant opened in April 2016
(ii) A-la-carte (日式單點)				
Rock Salt (岩鹽)				
	2	Rock Salt CWB	— 16,668 27,289 9,332	• Family groups and white collar • First Japanese a-la-carte restaurant opened in July 2017
		Rock Salt MK	— — — —	• Family group and white collar • Second Japanese a-la-carte restaurant opened in December 2019
Restaurant closed during Track Record Period:				
	—	Daikiya CWB	34,227 31,325 26,793 —	• Restaurant ceased operation in March 2019 because of the expiry of the tenancy
Total	15		555,160 713,184 839,021 263,423	

* Restaurants mainly serve dinner and offer lunch only on Saturday, Sunday and public holidays.

Notes: We usually offer all-you-can-eat cuisine for a time limit ranging from two to three hours per session.

All-you-can-eat cuisine

We offer Japanese all-you-can-eat cuisine and aim to provide customers with a unique dining experience. Our Daikiya (大喜屋), Daieiki (大瀛喜), Daimanki (大滿喜) and Kichi Jyu (吉壽) brands offer Japanese all-you-can-eat cuisine such as sashimi, sushi and various customised hot Japanese food such as tempura, yakitori, and braised dish. To cater for customers' preferences, some of our restaurants offer set lunch menus as an option, in addition to our all-you-can-eat menu. We believe our diversified branding would attract customers who look for Japanese all-you-can-eat cuisine at an affordable cost with upgraded menus and dining settings.

Set out below are some of our signature dishes at our all-you-can-eat restaurants:

"All-you-can-eat" sashimi platter (刺身拼盤)

"All-you-can-eat" fatty tuna sashimi (吞拿魚腩刺身)

"All-you-can-eat" hamachi sashimi (油金魚刺身)

"All-you-can-eat" sushi platter (壽司拼盤)

"All-you-can-eat" tuna sushi (吞拿魚壽司)

"All-you-can-eat" salmon sushi (三文魚壽司)

The following images show the design of our all-you-can-eat restaurants:

Tono Daikiya
(殿大喜屋)

Deluxe Daikiya CWB
(極尚大喜屋銅鑼灣店)

Daikiya MK
(大喜屋旺角店)

Daieiki MK
(大瀛喜旺角店)

Deluxe Daieiki YL
(極尚大瀛喜元朗店)

Daimanki KT
(大滿喜觀塘店)

Daikiya ST
(大喜屋沙田店)

Daikiya ST
(大喜屋沙田店)

Our restaurants offering Japanese all-you-can-eat cuisine have the major characteristic which allows our customers placing as many rounds of orders as they prefer during their stay with our restaurants in a limited time period which is generally two to three hours. Distinguished from the traditional Japanese cuisine, we are well-positioned to empower customers to gain back "control" over their dining preferences, such as when to place orders, the choices of dishes and quantity. Distinguished from ordinary buffet setting where most of the food can only be obtained at the buffet bar, we generally serve our all-you-can-eat dishes ordered by customers at their table. We believe that this will enhance the freshness and quality of the sashimi and sushi that we serve to customers as we start preparing the sashimi and sushi after taking orders from customers. It also enhances customers' dining experience as they can spend more time with family and friends at table. At the same time, customers have the choices to choose the customised appetisers and drinks which they prefer from the self-service counters. Each of our brand restaurant has its own decoration, lighting and ambience. We strive to offer quality Japanese food and authentic delicacies at good value for our customers.

During the Track Record Period, the price of our all-you-can-eat cuisine differed slightly depending on the time period of a day and the day of the week. The following table sets forth the average price range of our Japanese all-you-can-eat cuisine as at the Latest Practicable Date:

	All-you-can-eat			
	Lunch *(Note)*		**Dinner**	
	Adult	**Child**	**Adult**	**Child**
Average price range *(HK$/Head)*	$168–$278	$128–$148*	$173–$328	$128–$158

* Average fixed price

Note: We also offer lunch set menu and the average price of our lunch set menu was about 60% less than the average price of our all-you-can-eat lunch menu per adult in general.

Set out below are the relevant lunch and dinner sessions of all-you-can-eat cuisine offered by each of our restaurants that had operation during the Track Record Period:

Restaurant	Lunch				Dinner			
	FY2017	FY2018	FY2019	For the four months ended 31 July 2019	FY2017	FY2018	FY2019	For the four months ended 31 July 2019
Daikiya TST	✓	✓	✓	✓	✓	✓	✓	✓
Daikiya CWB *(Note)*	✓	✓	✓	✓	✓	✓	✓	✓
Deluxe Daikiya TST	✓	✓	✓	✓	✓	✓	✓	✓
Joy Daikiya	✓	✓	✓	✓	✓	✓	✓	✓
Tono Daikiya	✓	✓	✓	✓	✓	✓	✓	✓
Deluxe Daikiya CWB	N/A	✓	✓	✓	N/A	✓	✓	✓
Kichi Jyu	#	#	#	#	✓	✓	✓	✓
Daimanki MK	#	#	#	#	✓	✓	✓	✓
Daieiki MK	#	#	#	#	✓	✓	✓	✓
Daimanki KT	N/A	✓	✓	✓	N/A	✓	✓	✓
Deluxe Daieiki CWB	✓	✓	✓	✓	✓	✓	✓	✓
Deluxe Daieiki KT	✓	✓	✓	✓	✓	✓	✓	✓
Deluxe Daieiki YL	N/A	✓	✓	✓	N/A	✓	✓	✓
Daikiya ST	N/A	N/A	N/A	✓	N/A	N/A	N/A	✓

"✓" represents that lunch session/dinner session is offered on both weekdays and weekends.

"#" represents that lunch session is offered on Saturday, Sunday and public holidays only.

"N/A" represents that the relevant restaurants had not commenced business in that year/period.

Note: In March 2019, we ceased operation of one all-you-can-eat restaurant (Daikiya CWB) located in The Goldmark, Causeway Bay because of the expiry of the tenancy.

As at the Latest Practicable Date, we operated 13 restaurants serving Japanese all-you-can-eat cuisine. The following table summarises the month of commencement of operation of restaurants, location, approximate seating capacity, breakeven and investment payback periods during the Track Record Period and up to the Latest Practicable Date, in respect of the existing all-you-can-eat restaurants operated by us according to different brands:

Restaurant	Month of commencement of operation of restaurants	Location	Seating capacity	Breakeven period *(Note 1)* *(month(s))*	Investment payback period *(Note 2)* *(month(s))*
Restaurants in operation as at the Latest Practicable Date					
Daikiya TST	April 2011	Manson House, Tsim Sha Tsui	199	2	10
Deluxe Daikiya TST	April 2014	Albion Plaza, Tsim Sha Tsui	280	1	6
Joy Daikiya	December 2014	Chong Hing Square, Mong Kok	350	1	8
Tono Daikiya	October 2015	Kimberley 26, Tsim Sha Tsui	345	1	15
Deluxe Daikiya CWB	August 2017	Causeway Bay Plaza 1, Causeway Bay	340	2	19
Kichi Jyu	April 2016	655 Nathan Road, Mong Kok	330	2	15
Daimanki MK	December 2012	Chong Hing Square, Mong Kok	300	2	17
Daieiki MK	June 2014	Far East Bank Mong Kok Building, Mong Kok	330	2	13
Daimanki KT	November 2017	One Pacific Centre, Kwun Tong	220	2	3 *(Note 3)*
Deluxe Daieiki CWB	September 2015	Causeway Bay Plaza 2, Causeway Bay	200	3	12
Deluxe Daieiki KT	December 2016	One Pacific Centre, Kwun Tong	284	1	6
Deluxe Daieiki YL	December 2017	Yoho Mall 1, Yuen Long	300	2	4 *(Note 4)*
Daikiya ST	June 2019	Shatin Plaza, Shatin	340	1 *(Note 5)*	N/A *(Note 5)*
Restaurant closed during Track Record Period					
Daikiya CWB	June 2013	The Goldmark, Causeway Bay	150	3	20

Notes:

1. Breakeven period means the period required for a restaurant to achieve a breakeven point, i.e. the monthly revenue of the restaurant at least equals to the monthly operating expenses of that restaurant.

2. Investment payback period means the time it takes for the accumulated operating cash flow generated from a restaurant equates the initial fixed asset costs of opening that restaurant which is calculated based on the unaudited financial information of the restaurant since the commencement of its business and up to 31 July 2019.

3. The investment payback period of Daimanki KT was relatively shorter which was mainly attributable to our take over of the fitting out works and decoration of the premises, furniture and equipment as well as crockery, china and glassware from Global Great China without the need to incur any substantial upfront costs as the fitting out works and decoration were almost completed by then.

4. Deluxe Daieiki YL recorded a relatively shorter investment payback period due to the larger number of customer visit in a year.

5. Our Daikiya ST restaurant in Shatin Plaza, Shatin commenced business in June 2019. As at the Latest Practicable Date, it has achieved breakeven but has not achieved investment payback.

A-la-carte cuisine

Riding on our brand reputation and success in operating Japanese all-you-can-eat cuisine restaurants in Hong Kong, we continued to widen our horizon by reaching out to customers with a-la-carte style preferences of Japanese cuisine. In July 2017, we opened our first a-la-carte restaurant, Rock Salt CWB, under our Rock Salt (岩鹽) brand in Lee Theatre Plaza, Causeway Bay, serving purely a-la-carte and set menus to customers. Since its grand opening, our Rock Salt CWB a-la-carte Japanese cuisine has been well received by the market. Our revenue generated from Rock Salt CWB a-la-carte amounted to HK$16.7 million, HK$27.3 million and HK$9.3 million for FY2018, FY2019 and the four months ended 31 July 2019, respectively, representing 2.3%, 3.3% and 3.5% of our total revenue for the corresponding periods. In December 2019, we opened our second a-la-carte Japanese cuisine restaurant, Rock Salt MK, in MOKO, Mongkok.

In 2018, Rock Salt CWB has been awarded the Best-ever Dining Awards – Must eat Japanese cuisine (必吃食店大獎2018 — 必吃日菜) by the Weekend Weekly Magazine (新假期周刊).

The following table summarises the month of commencement of operation, location, seating capacity, and breakeven and investment payback periods during the Track Record Period and up to the Latest Practicable Date, in respect of the existing a-la-carte restaurant operated by us:

Restaurant	**Month of commencement of operation**	**Location**	**Seating capacity**	**Breakeven period**	**Investment payback period**
				(Note 1) *(months)*	*(Note 2)* *(months)*
Rock Salt CWB	July 2017	Lee Theatre Plaza, Causeway Bay	179	2	19
Rock Salt MK	December 2019	MOKO, Mongkok	117	1 *(Note 3)*	N/A *(Note 3)*

Notes:

1. Breakeven period means the period required for a restaurant to achieve a breakeven point, i.e. the monthly revenue of the restaurant at least equals to the monthly operating expenses of that restaurant.

2. Investment payback period means the time it takes for the accumulated operating cash flow generated from a restaurant equates the initial fixed assets costs of opening that restaurant which is calculated based on the unaudited financial information of the restaurant since the commencement of its business and up to 31 July 2019.

3. Our Rock Salt MK restaurant in Moko, Mongkok commenced business in December 2019. As at the Latest Practicable Date, it has not achieved investment payback.

Set out below are some of our signature dishes at our a-la-carte restaurant, Rock Salt CWB:

Uni, Scallop and Roe Don
(北海道三色丼)

Salmon roll
(三文魚風味卷)

Sashimi platter
(刺身拼盤)

Tuna Don
(鮪魚四色丼)

The following image shows the interior design of our a-la-carte restaurant, Rock Salt CWB:

Number of restaurants

The following table sets out the movement of number of our restaurants during the Track Record Period and up to the Latest Practicable Date:

	FY2017	FY2018	FY2019	For the four months ended 31 July 2019	From 1 August 2019 to the Latest Practicable Date
Number of restaurants					
At the start of the period	8	10	14	13	14
Added during the period	2	4	—	1	1 *(Note 2)*
Closed during the period	—	—	(1) *(Note 1)*	—	—
Total number at the end of the year/period	10	14	13	14	15

Notes:

1. In March 2019, we closed down one all-you-can-eat restaurant (Daikiya CWB) located in The Goldmark, Causeway Bay because of the expiry of the tenancy.

2. In December 2019, we opened our new restaurant, Rock Salt MK, in MOKO, Mongkok.

During FY2017 and FY2018, we have opened two new restaurants, including Kichi Jyu and Deluxe Daieiki KT, and four new restaurants, including Deluxe Daikiya CWB, Daimanki KT, Deluxe Daieiki YL and Rock Salt CWB, respectively. We have been planning to open our new restaurant in FY2019 and were in search of a suitable location throughout the year. As we consider that a suitable location with reasonable rents is a critical factor in determining the long-term performance of a restaurant, we would conduct feasibility studies in selecting a suitable location and expand our footprints to locations where our existing restaurants are not currently located. During FY2019, we had identified some potential locations and initiated negotiations with the landlords in respect of potential lease offers. Certain offers were turned down due to factors such as the price terms, competition, anticipated customer flows and the estimated costs to carry out the fitting-out and renovation works. Subsequently, we signed a principle offer to lease with the landlord of our new Daikiya ST on 9 November 2018. On 27 March 2019, the landlord handed over the Daikiya ST premises to us to carry out fitting-out works. We opened our new Daikiya ST restaurant located in Shatin Plaza, Shatin on 6 June 2019. Further, in December 2019, we opened one new restaurant serving Japanese a-la-carte cuisine in MOKO, Mongkok, under our Rock Salt brand. For details, see "Our site selection and development policy" in this section.

Restaurant General Information and Operating Data

The table below sets out the operating data of our restaurants for each of the periods indicated:

Restaurant	Seating capacity	FY2017							FY2018							FY2019						
		Number of customer visits	Number of operation days	Revenue	Average spending per customer	Average daily revenue	Seat turnover rate	Operating Profit Margin	Number of customer visits	Number of operation days	Revenue	Average spending per customer	Average daily revenue	Seat turnover rate	Operating Profit Margin	Number of customer visits	Number of operation days	Revenue	Average spending per customer	Average daily revenue	Seat turnover rate	Operating Profit Margin
	(Note 1)				*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*				*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*				*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*
					(approx.)	*(approx.)*	*(approx.)*	*(approx.)*				*(approx.)*	*(approx.)*	*(approx.)*	*(approx.)*				*(approx.)*	*(approx.)*	*(approx.)*	*(approx.)*
	(seats)			*(HK$'000)*	*(HK$)*	*(HK$'000)*	*(times)*	*(%)*			*(HK$'000)*	*(HK$)*	*(HK$'000)*	*(times)*	*(%)*			*(HK$'000)*	*(HK$)*	*(HK$'000)*	*(times)*	*(%)*
*(i) **All-you-can-eat***																						
Daikiya TST *(Note 6)*	199	204,951	340	53,266	259.9	156.7	3.0	6.5	226,776	363	56,918	251.0	156.8	3.1	17.2	239,304	354	58,768	245.6	166.0	3.4	22.9
Daikiya CWB *(Note 7)*	150	142,561	365	34,227	240.1	93.8	2.6	2.8	138,962	363	31,325	225.4	86.3	2.6	14.4	124,033	336	26,793	216.0	79.7	2.5	12.3
Deluxe Daikiya TST	280	232,585	365	68,011	292.4	186.3	2.3	18.7	213,615	363	63,201	295.9	174.1	2.1	18.6	236,069	349	64,504	273.2	184.8	2.4	22.5
Joy Daikiya	350	313,932	363	80,302	255.8	221.2	2.5	14.3	294,002	359	75,450	256.6	210.2	2.3	13.7	314,027	347	80,539	256.5	232.1	2.6	21.3
Tono Daikiya	345	222,120	358	71,315	321.1	199.2	1.8	11.2	243,395	362	76,190	313.0	210.5	1.9	14.7	272,891	361	81,556	298.9	225.9	2.2	18.8
Deluxe Daikiya CWB *(Notes 12 and 14)*	340	—	—	—	—	—	—	—	124,742	224	34,710	278.2	154.9	1.6	0.6	242,277	364	53,946	222.7	148.2	2.0	13.3
Kichi Jyu *(Note 8)*	330	207,806	343	47,130	226.8	137.4	1.8	9.6	241,168	363	55,497	230.1	152.9	2.0	16.6	237,274	364	55,172	232.5	151.6	2.0	18.2
Daimanki MK *(Note 9)*	300	242,807	365	54,198	223.2	148.5	2.2	17.6	208,306	362	48,660	233.6	134.4	1.9	16.1	204,533	363	46,703	228.3	128.7	1.9	13.8
Daieiki MK *(Note 10)*	330	277,163	359	62,377	225.1	173.8	2.3	19.1	287,143	356	66,455	231.4	186.7	2.4	22.7	258,038	354	59,794	231.7	168.9	2.2	19.2
Daimanki KT *(Notes 11 and 12)*	220	—	—	—	—	—	—	—	78,924	215	15,932	201.9	74.1	1.7	8.1	190,023	363	39,283	206.7	108.2	2.4	8.7
Deluxe Daieiki CWB	200	275,828	364	63,575	230.5	174.7	3.8	18.2	277,426	363	64,258	231.6	177.0	3.8	21.3	271,127	363	61,688	227.5	169.9	3.7	18.3
Deluxe Daieiki KT	284	100,667	118	20,759	206.2	175.9	3.0	15.2	388,162	355	85,328	219.8	240.4	3.9	22.0	407,918	357	90,803	222.6	254.4	4.0	23.7
Deluxe Daieiki YL *(Note 12)*	300	—	—	—	—	—	—	—	92,834	92	22,592	243.4	245.6	3.4	4.6	368,475	362	92,183	250.2	254.6	3.4	18.7
Daikiya ST *(Note 13)*	340	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
*(ii) **A-la-carte***																						
Rock Salt CWB *(Note 12)*	179	—	—	—	—	—	—	—	80,492	258	16,668	207.1	64.6	1.7	3.6	133,416	364	27,289	204.5	75.0	2.0	21.8
Rock Salt MK *(Note 16)*	117	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	4,264	2,220,420		555,160	250.0			13.3	2,895,947		713,184	246.3			14.5	3,499,405		839,021	239.8			16.1

Restaurant	Seating capacity	For the four months ended 31 July 2018 Number of customer visits	Number of operation days	Revenue	Average spending per customer	Average daily revenue	Seat turnover rate	Operating Profit Margin	For the four months ended 31 July 2019 Number of customer visits	Number of operation days	Revenue	Average spending per customer	Average daily revenue	Seat turnover rate	Operating Profit Margin
	(Note 1)				*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*				*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*
					(approx.)	*(approx.)*	*(approx.)*	*(approx.)*				*(approx.)*	*(approx.)*	*(approx.)*	*(approx.)*
	(seats)			*(HK$'000)* (Unaudited)	*(HK$)*	*(HK$'000)*	*(times)*	*(%)*			*(HK$'000)*	*(HK$)*	*(HK$'000)*	*(times)*	*(%)*
(i) ***All-you-can-eat***															
Daikiya TST *(Note 6)*	199	79,962	117	19,595	245.1	167.5	3.4	21.8	73,862	122	17,980	243.4	147.4	3.0	18.3
Daikiya CWB *(Note 7)*	150	46,394	122	9,919	213.8	81.3	2.5	14.5	—	—	—	—	—	—	—
Deluxe Daikiya TST	280	79,595	117	21,874	274.8	187.0	2.4	23.1	70,232	122	18,743	266.9	153.6	2.1	14.2
Joy Daikiya	350	105,904	118	27,791	262.4	235.5	2.6	21.7	102,602	122	25,665	250.1	210.4	2.4	16.1
Tono Daikiya	345	89,773	121	26,780	298.3	221.3	2.2	18.6	81,187	122	23,860	293.9	195.6	1.9	13.7
Deluxe Daikiya CWB *(Notes 12 and 14)*	340	79,304	122	17,922	226.0	146.9	1.9	11.4	86,257	122	19,190	222.5	157.3	2.1	14.5
Kichi Jyu *(Note 8)*	330	83,216	122	19,327	232.3	158.4	2.1	17.2	68,291	122	15,611	228.6	128.0	1.7	7.6
Daimanki MK *(Note 9)*	300	70,541	122	16,219	229.9	132.9	1.9	15.0	59,991	122	13,752	229.2	112.7	1.6	5.1
Daieiki MK *(Note 10)*	330	94,446	119	21,888	231.8	183.9	2.4	21.1	75,735	122	16,486	217.7	135.1	1.9	11.0
Daimanki KT *(Notes 11 and 12)*	220	68,223	122	14,180	207.8	116.2	2.5	13.6	60,175	122	12,306	204.5	100.9	2.2	3.1
Deluxe Daieiki CWB *(Note 15)*	200	94,318	122	21,826	231.4	178.9	3.9	19.8	76,587	122	17,173	224.2	140.8	3.1	9.3
Deluxe Daieiki KT	284	140,907	118	30,945	219.6	262.2	4.2	24.4	133,416	122	29,825	223.5	244.5	3.9	20.8
Deluxe Daieiki YL *(Note 12)*	300	128,386	122	31,956	248.9	261.9	3.5	20.2	113,756	121	28,677	252.1	237.0	3.1	16.9
Daikiya ST *(Note 13)*	340	—	—	—	—	—	—	—	61,007	56	14,823	243.0	264.7	3.2	(0.5)
(ii) ***A-la-carte***															
Rock Salt CWB *(Note 12)*	179	42,530	122	8,631	203.0	70.7	1.9	21.1	43,822	122	9,332	213.0	76.5	2.0	21.1
Rock Salt MK *(Note 16)*	117	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	4,264	1,203,499		288,853	240.0			17.7	1,106,920		263,423	238.0			10.1

Notes:

1. Seating capacities are estimated in accordance with section 2 of the Code of Practice. Due to our business requirements, the number of seats may deviate from the estimated seating capacity.
2. Average spending per customer is calculated by dividing the total revenue of the relevant restaurant(s) by the number of customer visits.
3. Average daily revenue is calculated by dividing the total revenue of the relevant restaurant(s) by the number of operation days.
4. Seat turnover rate is calculated by dividing the number of customer visits by the outcome of multiplying the seating capacity of the relevant comparable restaurants by the number of operating days during the period.
5. Operating Profit Margin is calculated by dividing the Operating Profit by the revenue of that year. Operating Profit is calculated by deducting cost of food and beverages, employee benefit expenses, labour service charges, utilities, other operating expenses and Leased Properties Expenses from the revenue.
6. The Operating Profit Margin of Daikiya TST increased from approximately 6.5% for FY2017 to approximately 17.2% for FY2018, mainly due to the enhanced reviews conducted by our management team on the performance of the restaurant and cost savings carried out during FY2018. Its Operating Profit Margin further improved during FY2019.
7. The Operating Profit Margin of Daikiya CWB increased from approximately 2.8% for FY2017 to approximately 14.4% for FY2018, mainly due to the enhanced reviews conducted by our management team on the performance of the restaurant and cost savings carried out. In FY2019, its Operating Profit Margin remained relatively stable as that of FY2018. The revenue decreased by approximately 14.4% to approximately HK$26.8 million for FY2019 from approximately HK$31.3 million for FY2018. The decrease in revenue was mainly due to the building in which Daikiya CWB used to operate was relatively aged and unattractive to customers. In March 2019, we ceased our operation of Daikiya CWB located in The Goldmark, Causeway Bay because of the expiry of the tenancy.
8. The revenue of Kichi Jyu increased by approximately 17.8% to approximately HK$55.5 million for FY2018 from approximately HK$47.1 million for FY2017. Such increase was mainly due to the impact of the full year operation of the restaurant in FY2018 and its increased customer visits. Its Operating Profit Margin increased from approximately 9.6% for FY2017 to approximately 16.6% for FY2018, mainly due to the enhanced reviews conducted by our management team on the performance of the restaurant and cost savings carried out. Its Operating Profit Margin then decreased from approximately 17.2% for the four months ended 31 July 2018 to approximately 7.6% for the four months ended 31 July 2019, mainly due to the decrease of approximately 17.9% in the number of customer visits during the period as a result of the adverse impact of the social unrest since June 2019.
9. The revenue of Daimanki MK decreased by approximately 10.1% to approximately HK$48.7 million for FY2018 from approximately HK$54.2 million for FY2017, mainly due to a slight decrease in the number of customer visits during FY2018 as a result of renovation of the building in which Daimanki MK was located. Its Operating Profit Margin decreased from approximately 15.0% for the four months ended 31 July 2018 to approximately 5.1% for the four months ended 31 July 2019, mainly due to the decrease of approximately 15.0% in the number of customer visits during the period as a result of the adverse impact of the social unrest since June 2019.

10. The revenue of Daieiki MK decreased by approximately 10.1% to approximately HK$59.8 million for FY2019 from approximately HK$66.5 million for FY2018. The decrease was mainly due to a slight decrease in the number of customer visits during FY2019 as a result of the performance of frequent maintenance and repair works to the main escalators of the building which in turn reduced the customer traffic. Its Operating Profit Margin decreased from approximately 21.1% for the four months ended 31 July 2018 to approximately 11.0% for the four months ended 31 July 2019, mainly due to the decrease of approximately 19.8% in the number of customer visits during the period as a result of the adverse impact of the social unrest since June 2019.
11. The relatively lower Operating Profit Margin of Daimanki KT for FY2018, FY2019 and the four months ended 31 July 2019 was mainly due to the relatively lower average spending per customer in the respective year/period. As compared to the four months ended 31 July 2018, its Operating Profit Margin further decreased from approximately 13.6% to approximately 3.1% for the four months ended 31 July 2019, primarily due to the decrease of approximately 11.8% in the number of customer visits during the period as a result of the adverse impact of the social unrest since June 2019.
12. For the four restaurants which commenced operations during FY2018, we have incurred pre-opening costs including two to three months upfront costs which resulted in the relatively lower Operating Profit Margin.
13. In June 2019, we commenced operation of one all-you-can-eat restaurant (Daikiya ST) located in Shatin Plaza, Shatin. Due to the significant upfront costs incurred and short operation period, Daikiya ST recorded operating loss for the four months ended 31 July 2019.
14. The average daily revenue of Deluxe Daikiya CWB decreased during FY2019 mainly due to the competitive pricing which we adopted during the year to attract more diners, as evidenced by the increase in the seat turnover rate whereas the average spending per customer decreased significantly for FY2019. The revenue of Deluxe Daikiya CWB increased by approximately 7.3% to approximately HK$19.2 million for the four months ended 31 July 2019 from approximately HK$17.9 million for the four months ended 31 July 2018. Such increase was mainly due to its increased customer visits as a result of the setup of additional buffet bar after the enhanced reviews conducted by our management team during the period.
15. The Operating Profit Margin of Deluxe Daieiki CWB decreased from approximately 19.8% for the four months ended 31 July 2018 to approximately 9.3% for the four months ended 31 July 2019, mainly due to the decrease of approximately 18.8% in the number of customer visits during the period as a result of the adverse impact of the social unrest since June 2019.
16. In December 2019, we opened our new Rock Salt MK restaurant located in MOKO, Mongkok.

Impact of Anti-Extradition Bill Protests since June 2019

For FY2017, FY2018 and FY2019, our Group recorded a revenue of HK$555.2 million, HK$713.2 million and HK$839.0 million, respectively. Influenced by the social unrest in Hong Kong since June 2019 which resulted in a general decrease in the number of our customer visits, for the seven months from June 2019 to December 2019, our same store revenue decreased significantly as compared to the corresponding periods in 2018. Notwithstanding the recent social unrest, our Directors believe that our Group's sustainability may not be affected for the reasons as follows:

- *Our restaurant network spread across different districts and is not concentrated in one geographical location* — We operated a total of 15 restaurants as at the Latest Practicable Date. Our restaurants are located across various districts with different demography, amongst which include residential areas as well as commercial areas. We are able to attract diners from the local districts, in particular, the younger generation, family group and white collar. The table below sets forth the number of our existing restaurants by districts as at the Latest Practicable Date:

District	**Number of existing restaurants**
Mong Kok	5
Causeway Bay	3
Tsim Sha Tsui	3
Kwun Tong	2
Yuen Long	1
Shatin	1
Total	**15**

We also planned to open new restaurants across different districts in Hong Kong, with a majority of those new restaurants in a district that we do not currently have presence to capture business opportunities and expand our customer base in those areas. For details, see "Future Plans and Use of Proceeds — Implementation Plans — Expansion strategy of our restaurant network in Hong Kong" in this prospectus.

On the above basis, our Directors are of the view that diversification of the geographical locations of our Group's existing restaurants as well as our proposed new restaurants will dampen the impact from the influence by the social unrest since June 2019.

- *Several of our existing restaurants recorded increase in revenue and the number of customer visits during the period from June 2019 to December 2019* — Our Group recorded a general decrease in the number of customer visits by month for the period from June 2019 to December 2019 as shown in the table below:

	June 2019 vs June 2018	July 2019 vs July 2018	August 2019 vs August 2018	September 2019 vs September 2018	October 2019 vs October 2018	November 2019 vs November 2018	December 2019 vs December 2018
Monthly customer visits of our Group	–2.5%	–4.6%	–11.4%	–2.5%	–24.1%	–26.5%	–6.3%

Monthly revenue of our Group also decreased by similar level as to the decrease in customer visits. Notwithstanding the foregoing, our Directors consider that the above monthly decrease in revenue and the number of customer visits were of a temporary nature and were not significant to have an adverse impact to our Group's sustainability and not an indication of a contraction in demand for Japanese cuisine in Hong Kong. Despite the social unrest since June 2019, four of our restaurants recorded an increase in the number of customer visits during the period from June 2019 to December 2019 compared to the corresponding periods in 2018 as shown in the following tables:

	Number of customer visits						
Restaurant	**June 2019 vs June 2018**	**July 2019 vs July 2018**	**August 2019 vs August 2018**	**September 2019 vs September 2018**	**October 2019 vs October 2018**	**November 2019 vs November 2018**	**December 2019 vs December 2018**
Deluxe Daikiya CWB	+8.7%	+0.7%	—	+1.7%	—	—	+5.4%
Daimanki KT	—	—	—	+9.4%	—	—	+8.2%
Deluxe Daieiki KT	—	—	—	+9.5%	—	—	+1.5%
Rock Salt CWB	—	—	—	—	—	—	+1.4%

Save for our Daikiya ST and Rock Salt MK restaurants which were new restaurants opened in June 2019 and December 2019 respectively, during the period from June 2019 when the social unrest had started and up to December 2019, we have four out of 14 existing restaurants recorded an increase in the monthly number of customer visits, which we believe have demonstrated our Group's financial resilience and capability to maintain our business under a relatively turbulent social environment.

- *The social unrest has limited impact on the daily operation of our restaurants* — Despite the temporary cessation and shortened operation hours of the public transportation services which affected diners' transportation to and from our restaurants save for local diners, our restaurants maintained daily operation and services. The following table sets forth the number of suspensions of the services provided by our existing restaurants for the periods indicated:

June 2019	Nil
July 2019	Deluxe Daieiki YL — Suspension of two dinner sessions and one lunch session
August 2019	Nil
September 2019	Nil
October 2019	Daikiya TST — Suspension of three dinner sessions
	Joy Daikiya — Suspension of three dinner sessions
	Tono Daikiya — Suspension of two dinner sessions
	Deluxe Daikiya CWB — Suspension of one dinner session and closed for two business days
	Daikiya ST — Suspension of one dinner session
	Kichi Jyu — Suspension of three dinner sessions
	Daimanki MK — Suspension of three dinner sessions
	Daieiki MK — Suspension of three dinner sessions
	Deluxe Daieiki CWB — Suspension of two dinner sessions
	Deluxe Daieiki YL — Suspension of four dinner sessions and closed for two business days
	Rock Salt CWB — Suspension of two dinner sessions and closed for two business days

  Since June 2019 and up to September 2019, only one of our existing restaurants had suspended its daily operation by closing two of its dinner sessions and one lunch session. Save for the foregoing, the remaining 13 of our existing restaurants maintained full operation. For October and November 2019, due to the limitation of public transportation services, majority of our restaurants had to suspend one to six dinner sessions per month. For December 2019, only one of our existing restaurants had suspended one dinner session during the month. Save for October and November 2019, our Directors believe that the above impact on our daily operation was limited from June 2019 to December 2019 and we will continue to maintain our business and operation in the current environment and adopt proactive marketing strategies to attract more local diners.

Our site selection and development policy

As part of our business strategy, we intend to continue expanding our restaurant network to deepen our market penetration in Hong Kong. We have prepared a development plan including the expansion of our restaurant network under our existing Daieiki, Deluxe Daikiya, Deluxe Daieiki and Rock Salt brands with a view to replicating our success in brand building and development.

Through gradual opening of new restaurants under our own brands in Hong Kong as set out below, we seek to further increase our market share and capture potential business opportunities. The following table sets out the number of restaurants we opened or plan to open for the indicated periods (subsequent to the Track Record Period and up to 30 September 2022):

		District	Source of funding	FY2020	FY2021	FY2022	FY2023	Total
(i)	*All-you-can-eat*							
	Deluxe Daieiki	New Territories West	Internal resources	—	—	1	—	1
	Deluxe Daikiya	New Territories East	Net proceeds from Share Offer	—	1	—	—	1
		New Territories West	Net proceeds from Share Offer	—	1	—	—	1
	Daieiki	New Territories West	Net proceeds from Share Offer	—	—	1	—	1
	Sub-total			—	2	2	—	4
(ii)	*A-la-carte*							
	Rock Salt MK	Mongkok, Kowloon	Internal resources	1	—	—	—	1
		New Territories West	Internal resources	—	—	—	1	1
	Sub-total			1	—	—	1	2
Total				1	2	2	1	6

We have adopted a policy on opening any additional restaurant in a district where we already have presence. To minimise the risk of cannibalisation among our restaurant, we have implemented the following measure(s):

- we adopt a multi-brand strategy and offer two main types of Japanese cuisines for our customers, including Japanese all-you-can-eat and Japanese a-la-carte. With distinctive focuses of brands and types of Japanese cuisines, we believe our restaurants are able to target at different customers with different cuisine and dining preferences;

- we generally will not open any new additional restaurant under the same brand within a restricted area, being a walking distance of approximately 1 kilometer or within the same shopping mall;

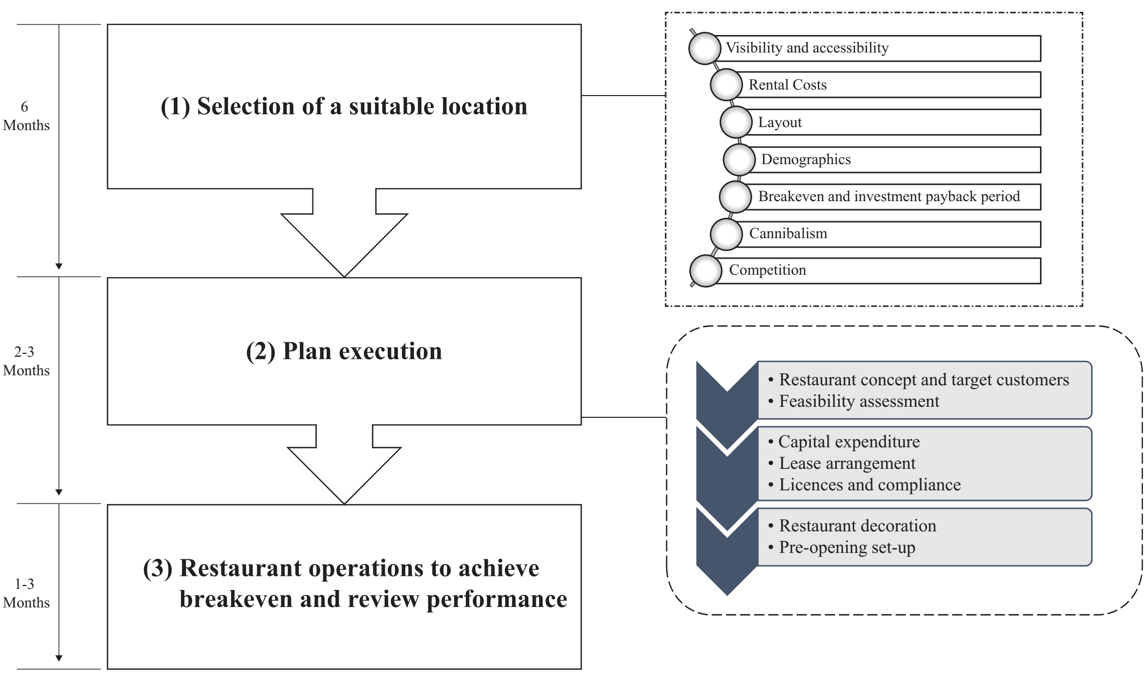
- should there be significant foot traffic in the restricted area and/or high demand in the existing restaurant (such as high seat turnover rate), we may look to open new additional restaurants under different brands or different cuisine type in the same restricted area above to capture potential business opportunities and target customers;

- we will conduct new restaurant feasibility studies prior to making any decision to open a new restaurant. We recognise the importance of the factor of population distribution when making decisions with regard to finding suitable locations for opening any new additional restaurants. Apart from taking into account the population distribution, all costs and capital expenditure to be incurred, we will also factor in any possible cannibalisation effect and balance it against the potential revenue to be generated from the restaurant; and

- we will continuously monitor the operational and financial performance of our restaurants after their commencement of businesses. If there is any unsatisfactory performance, we will carry out relevant analysis and adjust our strategies and future plans accordingly.

Expansion plan management

The following diagram summarises the principal steps and approximate timeline of our expansion plan management:



Details of each step of our expansion plan management are set out below:

(1) Selection of a suitable location

We consider a suitable location to be a critical factor in determining the long-term performance of a restaurant. It may generally take up to six months for us to identify a suitable location and negotiate lease terms. As part of our business strategies to continually expand, we decide to open a restaurant in a new location after feasibility studies, which take into consideration the following factors:

(a) Visibility and accessibility — whether the proposed restaurant site is located in an area with a high foot traffic and high visibility;

(b) Rental costs — whether we can operate profitably based on the rental costs;

(c) Layout — whether the layout of the proposed restaurant site falls within our expectation;

(d) Demographics — the demographics of neighbourhood of the proposed restaurant site, such as age group, spending powers and patterns;

(e) Breakeven and investment payback period — the estimated time it may take for the proposed restaurant to achieve the breakeven and investment payback points;

(f) Cannibalism — as we continue to expand our restaurant network, we generally will not open any new additional restaurant under the same brand within a restricted area, being a walking distance of approximately 1 kilometer or within the same shopping mall. We may look to open restaurants under different brands in the same restricted area to capture potential business opportunities and target customers. In addition, we will consider the factor of population distribution when making decisions with regard to finding suitable locations for opening our new additional restaurants. We will factor in any possible cannibalisation effect and balance it against the potential revenue to be generated from the restaurant. See "On site selection and development policy" in this section for details; and

(g) Competition — whether there exists competition (i) between the proposed restaurant site and the locations of our existing restaurants; and/or (ii) between the proposed restaurant site and other existing restaurants offering similar types of cuisine operated by others, and the extent of the competition in terms of nature of business.

(2) Plan execution

Set forth below are the key aspects of our new restaurant opening process which may normally take two to three months to complete, after we have identified a suitable location for the establishment of our new restaurant:

(a) *Restaurant concept and target customers*. We will conduct internal meetings to map out the brand that we use and preliminary restaurant concept for the proposed new restaurant with pricing and menu proposals. The proposal will be presented to our executive Directors for approval.

(b) *Feasibility assessment*. We will conduct a feasibility study on the business potential, including the target customers and their age group, spending power and patterns and the level of customer traffic in the neighbourhood area, as well as financial projection and staffing. The proposal will be presented to our executive Directors for approval.

(c) *Capital expenditure*. Our executive Directors will consider and estimate the capital expenditure of opening a new restaurant.

(d) *Lease arrangement*. When the location and proposals are approved by the executive Directors, we will commence negotiation of the terms of a lease with the prospective landlord, taking into consideration of rental costs, comparable rents of shops of similar size in the vicinity, potential increase in the rental upon the expiry of the lease. If the executive Directors are satisfied with terms of the lease, we will proceed to signing of the lease agreement with the prospective landlord.

(e) *Licences and compliance*. We will commence application for necessary licences and permits, such as business licence, environment assessment, general restaurant licence, liquor licence and fire safety inspection certificate. We commence licence and permit applications as one of the major steps after securing the lease of the proposed premises.

(f) *Restaurant decoration*. We will discuss, review and approve the restaurant decoration plan provided by outsourced construction service providers and monitor the progress of the decoration. Our restaurant manager will order the necessary restaurant appliances and materials. Renovation of our restaurant typically takes two months.

(g) *Pre-opening set-up*. Manager of new restaurant, normally transferred from our existing restaurant, will arrive at the new restaurant to set up including logistics, procurement and other operational arrangement approximately one month before the grand opening. We will provide training to our newly recruited staff and conduct final inspection of the restaurant set up in preparation for the grand opening. Trial operations will be arranged approximately two weeks before the opening.

We believe we will benefit from the successful execution of our expansion plan of deepening our penetration in the Hong Kong market primarily for the following reasons:

- *Brand awareness*. Expanding our geographical coverage will increase market presence and promote brand awareness, which we believe will allow us to deepen our market penetration.

- *Cost efficiency*. With an increased number of restaurants, we believe that we can achieve cost efficiency by strengthening our bargaining power over our suppliers and increasing our operating leverages.

- *Broaden our customer base and increase total sales*. The additions of new restaurants in Hong Kong is expected to broaden our customer base and attract more customers and thereby increase the total sales of our Group.

(3) Restaurant operations to achieve breakeven and review performance

We will continue to monitor the operations after the grand opening of new restaurants, including the initial seat turnover rate, average daily revenue and other performance metrics, identifying issues and finding solutions. New restaurants are subject to the same performance review and assessment as our existing restaurants. Our Group will monitor the operations and financial conditions of our new restaurants after their commencement of businesses and we estimate that it may take up to three months for a proposed new restaurant to achieve breakeven which might vary from different location, size and customer spending. For details, see "Business Strategies — Continue to strategically expand our restaurant network in Hong Kong" in this section.

OUR RESTAURANT OPERATIONS AND MANAGEMENT

Management meetings

Major decisions and strategies with respect to the overall management of our restaurants are taken and formulated in monthly management meetings held between our Directors and general restaurant managers. These include evaluation of the effectiveness of policy implementation, development and periodical review on the popularity of newly developed menus and formulating strategies in relation to business development, annual budgets and business plan, human resources, and food and dining management of our restaurants, and opening of new restaurants.

Head office management

Our head office is responsible for the overall management and supervision of our restaurants, financial planning, strategic development, marketing and brand building. Our head office further oversees the performance of our restaurants through our general restaurant managers who serve as a communication channel between the head office and the restaurants. Our general restaurant managers are responsible for implementing head office decisions and policies in relation to restaurant operations and obtaining and consolidating feedback from the restaurants to the head office.

Restaurant-level management

Each restaurant is managed by (i) a restaurant manager who is responsible for the overall performance and day-to-day operation of the restaurant, including food ingredients and beverage purchases, cost control, maintaining sales level, organising promotional events, staff management, customer service performance and handling customer complaints and customer reviews; (ii) kitchen supervisors who are responsible for supervising and monitoring kitchen staff, including dishes preparation, maintaining food quality, participating in new menu development and inventory management; and (iii) restaurant operation supervisors who are responsible for overseeing the floor area and staff supervision.

Operations meetings

Our directors and general restaurant managers hold meetings with our restaurant managers once a month to facilitate the implementation of our decisions and deliver practical solutions or advices as to the day-to-day running of our restaurants. These include discussions on the operational performance of each of our restaurants, implementation and adherence of procedures required by our Group, such as services standards, safety standards and cash management. Further, performance reviews are held between restaurant managers and each of our restaurants on monthly basis.

Cash management and settlement

We require our customers to pay for merchandise at the time of purchase and we do not grant any credit terms to our customers. We generally accept payment mainly by way of cash, credit cards and others including octopus cards and bank transfer for deposit payment, which may vary across different restaurants. Our customers generally settle their bills by credit cards. The table below sets out the settlement method for the periods indicated.

	FY2017		FY2018		FY2019		For the four months ended 31 July 2019	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Credit cards	373,659	67.3	491,903	69.0	594,646	70.9	186,798	70.9
Cash	181,168	32.6	220,320	30.9	241,768	28.8	73,388	27.9
Others *(Note)*	333	0.1	961	0.1	2,607	0.3	3,237	1.2
Total	555,160	100.0	713,184	100.0	839,021	100.0	263,423	100.0

Note: Includes payment by octopus cards and banking deposits utilised which was paid by bank transfers.

Credit cards

We accept cards from most major credit card issuers for settlements of bills. We normally receive remittances from the relevant credit card issuers, net of service charges, normally within three business days after the credit card transaction if approved. Service charge imposed by the credit card issuers is generally ranging from 1.7% to 1.8% during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material fraudulent use by customers of stolen credit cards.

Cash

We handle cash on a daily basis. To prevent misappropriation and illegal uses of cash, we have adopted the following cash management and settlement procedures at our restaurants:

- we have a controlled, on-premises safe box in each of our restaurants. Our restaurant operation manager and cashier are responsible for checking the cash generated from our sales against the cash receipts on a daily basis;

- cash received at a restaurant pending collection by our cash transport service provider will be kept in our safes located in our restaurants in sealed bags and our cash transport services provider will collect them from our restaurants for overnight custody. Our cash transport service provider will deposit the cash collected on the second banking day to our designated bank account. Our cash transport service provider is a subsidiary of a company incorporated in England and Wales and has its primary listing on the London Stock Exchange and has a secondary listing on the NASDAQ OMX exchange in Copenhagen and is a constituent of the FTSE 250 Index. Our cash transport service provider group is an integrated security company specialising in the provision of security and related services to customers in over 90 countries and it has approximately 546,000 employees across six continents. Our Directors confirmed that, save as disclosed in this prospectus, there is no other relationship (whether past or present and including, but not limited to, family, employment, business, trust or financing relationship) between our cash transport service provider with our Group, its directors, shareholders and senior management or any of their respective associates;

- we have installed a computerised POS system at each of our restaurants to monitor all orders placed and transactions conducted and concluded at our restaurants;

- we have implemented cash handling and management procedures detailing the segregation of staff duties in cash management, the procedures for reconciliation of cash on hand and record-tracking via the POS system;

- we provide training to our staff through our internal guidelines which illustrate in detail procedures with respect to identification of authenticity of bank notes;

- our finance department would cross check the reconciliation reports prepared based on the POS system and bank deposit receipts provided by our transport service provider staff and also verified with our bank records on a weekly basis;

- we have installed CCTVs in each of our restaurants to monitor and record cash handling; and

- insurance policies have been taken out to cover loss of money at our restaurants and money in transit before deposit to the bank.

Our Directors confirmed that there was no incident of any material cash misappropriation or theft of cash by our employees, customers or other third parties during the Track Record Period and up to the Latest Practicable Date.

NEW MENU DEVELOPMENT

We review the feedbacks from our customers and restaurant staff on the dishes that we served. We review our menus, refine our dishes and develop new dishes on an on-going basis and at least once per quarter. In development of new menus, we would consider the tastes of our customers, festive and seasonal factors, nutritional aspects and feedbacks from our customers. We take the following steps when developing a new dish:

- *proposal:* our chefs will propose new dishes, festive dishes such as Christmas and Father's Day themes or introduce new food ingredients to our current dishes in response to the market trends, food costs, target price, festive and seasonal factors and feedbacks from our customers;

- *assessment and approval:* our chef team as well as the restaurant managers of the relevant restaurant will review the proposal and carry out a cost analysis to determine the cost of the new dish(es) and submit the proposal to Mr. Lam. Mr. Lam, together with our head chefs and restaurant manager(s) will try and test the new dish. They will approve the proposals if they are satisfied with the new or refined dishes taking into account the results of the cost analysis and dish testing; and

- *implementation:* we will revise our menus, and provide training to our kitchen personnel to follow the new recipes of the new or refined dishes. Our restaurants will usually introduce the new or refined dishes in the relevant restaurant within 15 days after the proposal had been approved. We continue to monitor and refine our new dishes based on customers' feedback.

PROCUREMENT

Purchasing procedures

During the Track Record Period, our purchases mainly included food ingredients and beverages. The principal food ingredients we sourced include seafood, vegetable, frozen food and meat. At each restaurant, the restaurant supervisor is primarily responsible for monitoring the level of inventory and food supplies and making orders on an as need operational basis. Currently, we adopt a non-centralised procurement model, with each of our restaurants placing orders with the relevant approved suppliers independently. Before placing orders, our restaurant managers take into account certain practical factors, including the delivery requirements and delivery cycle of our approved suppliers. For non-perishable food ingredients and beverages, our restaurants place orders on a weekly or monthly basis depending on food types and demand. For fresh and perishable food ingredients, we normally place orders on an as need operational basis. Our suppliers will deliver the food ingredients that we have ordered to our restaurants directly in accordance with our requested timeframe.

Purchase cost and control

During the Track Record Period, the price of our food ingredients purchases was generally determined with reference to type, variety and quality of supply, our relationship with suppliers and seasonal factors.

The overall cost of food ingredients is closely monitored and it is generally limited to a certain percentage of the total revenue of each restaurant. We will continue to exercise control over the costs of food ingredients through sourcing from different suppliers of the same food types. During the Track Record Period, the average prices of seafood and meat all exhibited various degree of increment according to the CIC Report. Our Directors considered that there was no material fluctuation of food ingredients during the Track Record Period and will try to cope with such increase by reviewing and refreshing our menus regularly and continue monitoring the quantity of fresh food ingredients that we may order.

We have taken measures to mitigate any adverse impact of possible increase in cost of food ingredients including searching for suppliers which offer good ingredients with similar quality but at lower price, keeping a minimum level of perishable food ingredients to reduce wastage as well as reviewing and adjusting our menu items on a quarterly basis to pass on possible cost increases to our customers.

Our cost of food and beverages amounted to approximately HK$275.2 million, HK$336.0 million, HK$372.6 million and HK$117.7 million for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, representing approximately 49.6%, 47.1%, 44.4% and 44.7% of our revenue, respectively, for the corresponding periods.

For the hypothetical sensitivity analysis on the impact of changes of our cost of inventories sold on our profit for each year during the Track Record Period, see "Financial Information — Key Factors Affecting Our Results of Operations and Financial Conditions — Cost of food and beverages" in this prospectus. For the information relating to our cost of food and beverages and the relevant price trend, see "Financial Information — Description of selected items in combined statements of comprehensive income — Cost of food and beverages" and "Industry Overview — Competitive Landscape — Major food ingredients cost analysis of the Japanese restaurant market in Hong Kong" in this prospectus, respectively.

During the Track Record Period, all our raw materials were sourced from suppliers in Hong Kong. Accordingly, our purchases were settled in Hong Kong dollars. We did not adopt any arrangement to hedge any fluctuation in the market price of food ingredients in relation to our purchases during the Track Record Period.

Inventory

We have in place an inventory management control policy to monitor our inventory levels and to minimise obsolete inventory. At each restaurant, supervisors are responsible for inventory management of food ingredients. We keep an appropriate level of fresh and perishable food inventory. The shelf life of different food ingredients varies. Based on the experience of our executive Directors and senior management, sashimi and vegetables have a shelf life of approximately two days, fresh meat and frozen meat have a shelf life of approximately three days, desserts have a shelf life of approximately two to three days, and defrosted food shall be consumed on the same day. Our restaurant operation supervisors are responsible for inventory management of beverages and frozen confections and other consumables. We generally maintain one and a half days of food ingredients inventory at each restaurant and workshop.

We monitor the quality and freshness of our inventory regularly. Any inventory that is not used by its expiry date will be destroyed. Our restaurant staff will check the stock level of that restaurant on a daily basis to ensure the restaurant has sufficient inventory supply for the next day operation. Our average inventory turnover days remained steady and at a relatively low level, ranging from three days to four days during Track Record Period. Monthly inventory count will be carried out in all our restaurants and workshop. Our finance staff will check the inventory level as shown in our inventory record system against the results of monthly inventory count at each of our restaurants and workshop.

We did not experience excessive accumulation of inventory of our food ingredients and beverages during the Track Record Period since all purchase orders are placed to match demand.

Credit and payment terms

During the Track Record Period, our suppliers generally offered us a credit term from 0 to 60 days, depending on the types of food ingredients and the size and relationship of suppliers. For fresh and perishable food ingredients such as fresh seafood and vegetables, our suppliers generally require payment on cash on delivery. For other food ingredients and other supplies, our suppliers generally issue monthly statements for our settlement.

Our Directors confirm that all payments to our suppliers were denominated and settled in Hong Kong dollars during the Track Record Period. We generally settled by cheque and cash on delivery in cash.

Delivery

The food ingredients suppliers are generally responsible for the delivery of food ingredients to us. Most of the food ingredients and beverages would be delivered to our restaurants, except for certain food ingredients which required pre-processing, would be delivered to our workshop. As at the Latest Practicable Date, we owned two refrigerator trucks for transiting food ingredients, including pre-processed food ingredients, frozen seafood and frozen confections, from our workshops to our restaurants. Goods of the workshops were in insured transit under an inland transit insurance covering loss, destruction or damage to the goods from the source to the point of destination during the Track Record Period.

SUPPLIERS

For FY2017, FY2018, FY2019 and the four months ended 31 July 2019, we purchased from over 200, over 300, over 200 and over 200 food ingredient suppliers, respectively.

Our five largest suppliers

During the Track Record Period, our five largest suppliers were mainly our food ingredients suppliers. Our purchases from our five largest suppliers for FY2017, FY2018, FY2019 and the four months ended 31 July 2019 amounted to approximately HK$96.6 million, HK$105.6 million, HK$110.5 million and HK$33.8 million, respectively, representing approximately 34.8%, 31.0%, 29.6% and 28.5% of our total purchases, respectively. Our purchases from the largest supplier FY2017, FY2018, FY2019 and the four months ended 31 July 2019 amounted to approximately HK$33.5 million, HK$26.0 million, HK$26.6 million and HK$8.7 million, respectively, representing approximately 12.0%, 7.6%, 7.1% and 7.4% of our total purchases, respectively. As at the Latest Practicable Date, our business relationship with our five largest suppliers for the Track Record Period ranged from over two years to over seven years. All of our five largest suppliers are located in Hong Kong. Save for Hung Wan (Hong Kong) Trading Company Limited ("**Hung Wan**") as disclosed below, all of our five largest suppliers for the Track Record Period are Independent Third Parties.

The following tables set out the details of our five largest suppliers during the Track Record Period:

For FY2017

Rank	Name of supplier	Background information	Purchase amount	Approximate % of our total purchases attributable to the suppliers	Food ingredients/ goods provided	Approximate years of business with our Group as at the Latest Practicable Date	Credit term	Settlement method
			(HK$'000)	*(%)*				
1.	Amerasia Food Service Company Limited	A Hong Kong company importing and distributing meat and confections in Hong Kong	33,468	12.0	Meat and confections	7	30 days	Cheque
2.	Yonghuo Aquatic Products Trading Company Limited	A Hong Kong company importing and distributing seafood in Hong Kong	17,559	6.3	Seafood	4	15 days	Cheque
3.	Hung Wan *(Note 1)*	A Hong Kong company importing and distributing aquatic products and sauce in Hong Kong	16,367	5.9	Aquatic products and sauce	6	nil	Cash on delivery
4.	Sin Shun (Asia) Limited	A Hong Kong company importing and distributing seafood and meat in Hong Kong	15,099	5.4	Seafood and meat	7	30 days	Cheque
5.	Ocean Soar (HK) Limited	A Hong Kong company importing and distributing seafood in Hong Kong	14,092	5.1	Seafood	4	30 days	Cheque
		Sub-total for our five largest suppliers	96,585	34.8				
		Other suppliers	181,202	65.2				
		Total purchase	277,787	100				

For FY2018

Rank	Name of supplier	Background information	Purchase amount	Approximate % of our total purchases attributable to the suppliers	Food ingredients/ goods provided	Approximate years of business with our Group as at the Latest Practicable Date	Credit term	Settlement method
			(HK$'000)	*(%)*				
1.	Yonghuo Aquatic Products Trading Company Limited	A Hong Kong company importing and distributing seafood in Hong Kong	25,999	7.6	Seafood	4	15 days	Cheque
2.	Amerasia Food Service Company Limited	A Hong Kong company importing and distributing meat and confections in Hong Kong	22,295	6.6	Meat and confections	7	30 days	Cheque
3.	Go Fresh Co., Limited	A Hong Kong company importing and distributing seafood in Hong Kong	19,861	5.8	Seafood	2	15 days	Cheque
4.	Hung Wan *(Note 1)*	A Hong Kong company importing and distributing aquatic products and sauce in Hong Kong	19,070	5.6	Aquatic products and sauce	6	nil	Cash on delivery
5.	Ichiban Pacific (H.K.) Ltd & Daiei Foods Co., Ltd *(Note 2)*	Two Hong Kong companies wholesaling seafood and aquatic products	18,342	5.4	Seafood and aquatic products	7	30 days	Cheque
		Sub-total for our five largest suppliers	105,567	31,0				
		Other suppliers	234,759	69.0				
		Total purchase	340,326	100				

For FY2019

Rank	Name of supplier	Background information	Purchase amount (HK$'000)	Approximate % of our total purchases attributable to the suppliers (%)	Food ingredients/ goods provided	Approximate years of business with our Group as at the Latest Practicable Date	Credit term	Settlement method
1.	Yonghuo Aquatic Products Trading Company Limited	A Hong Kong company importing and distributing seafood in Hong Kong	26,638	7.1	Seafood	4	15 days	Cheque
2.	Ichiban Pacific (H.K.) Ltd & Daiei Foods Co., Ltd (Note 2)	Two Hong Kong companies wholesaling seafood and aquatic products in Hong Kong	24,790	6.6	Seafood and aquatic products	7	30 days	Cheque
3.	Hung Wan (Note 1)	A Hong Kong company importing and distributing aquatic products and sauce in Hong Kong	24,099	6.5	Aquatic products and sauce	6	7 days	Cheque
4.	Ocean Soar (HK) Limited	A Hong Kong company importing and distributing seafood in Hong Kong	19,639	5.3	Seafood	4	30 days	Cheque
5.	Sin Shun (Asia) Limited	A Hong Kong company importing and distributing seafood and meat in Hong Kong	15,320	4.1	Seafood and meat	7	30 days	Cheque
		Sub-total of our five largest suppliers	110,486	29.6				
		Other suppliers	262,553	70.4				
		Total purchase	373,039	100				

For the four months ended 31 July 2019

Rank	Name of supplier	Background information	Purchase amount	Approximate % of our total purchases attributable to the suppliers	Food ingredients/ goods provided	Approximate years of business with our Group as at the Latest Practicable Date	Credit term	Settlement method
			(HK$'000)	(%)				
1.	Ichiban Pacific (H.K.) Ltd & Daiei Foods Co., Ltd (Note 2)	Two Hong Kong companies wholesaling seafood and aquatic products in Hong Kong	8,698	7.4	Seafood and aquatic products	7	30 days	Cheque
2.	Yonghuo Aquatic Products Trading Company Limited	A Hong Kong company importing and distributing seafood in Hong Kong	8,376	7.1	Seafood	4	15 days	Cheque
3.	Hung Wan (Note 1)	A Hong Kong company importing and distributing aquatic products and sauce in Hong Kong	6,552	5.5	Aquatic products and sauce	6	7 days	Cheque
4.	Ocean Soar (HK) Limited	A Hong Kong company importing and distributing seafood in Hong Kong	5,611	4.7	Seafood	4	30 days	Cheque
5.	Shag Mei International Food Limited	A Hong Kong Company importing and distributing seafood in Hong Kong	4,514	3.8	Seafood	3	30 days	Cheque
		Sub-total of our five largest suppliers	33,751	28.5				
		Other suppliers	83,912	71.5				
		Total purchase	118,285	100				

Note:

1: Immediately prior to 26 February 2016, Hung Wan was held as to 20.5% by Mr. Lam, 20.5% by Mr. KK Ho, 39% in aggregate by some of our Minority Shareholders, some of the current and past employees and the spouse of a past employee of our Group, (collectively, the "**Transferors**") and 20% by the founder of Hung Wan, Lui Mi Yuk Marianna ("**Ms. Lui**"), an Independent Third Party and was also the then director. Shareholdings of the Transferors in Hung Wan in aggregate of 80% were disposed to Ms. Lui on 26 February 2016 (the "**Transfer**"). Mr. Lam and Mr. KK Ho resigned as the directors of Hung Wan on 6 April 2016. In 2015, Ms. Lui had the intention to buy back the interests in Hung Wan, as the key person to oversee the operation of Hung Wan, who is her relative, had been facing increasing workload. Therefore, Ms. Lui decided to buy back the interests in Hung Wan and the key management could focus on Hung Wan's business. In addition, in view of our Group's restaurants' expansion, the Transferors (in particular, Mr. Lam) intended to focus on the operation of our Group's restaurants business, despite Hung Wan remained as one of our major suppliers subsequent to the Transfer. Hence, in 2015, the parties commercially agreed to the Transfer which was completed in February 2016. Considering Ms. Lui has limited financial means (cash) to settle the consideration, the parties agreed Ms. Lui to settle the consideration by food ingredients supplied by

Hung Wan to our Group from November 2015 to August 2016 and we subsequently settled the consideration with relevant Transferors. Our Directors confirmed that the purchases by our Group from Hung Wan during the Track Record Period were conducted on normal commercial terms.

2: To the best of our Directors' knowledge, information and belief, Ichiban Pacific (H.K.) Ltd & Daiei Foods Co., Ltd had common controlling shareholder during the Track Record Period.

Save as disclosed above, none of our Directors, their respective close associates or any of our Shareholders (whom to the knowledge of our Directors owns more than 5% of the Shares in issue as at the Latest Practicable Date) had any interest in any of our five largest suppliers for the Track Record Period.

To the best of our Directors' knowledge, information and belief, during the Track Record Period, none of our five largest suppliers was also a customer of our Group.

Supplier selection and management

Our Directors and procurement department are involved in the food ingredients supplier selection process, including the selection, evaluation, inspection and approval of each supplier prior to engagement. Our procurement staff selects suppliers based on a set of selection criteria including quality of ingredients, cost, reputation, delivery efficiency, past performance and supply terms and conditions. Our procurement staff conducts background check of the potential suppliers such as the nature of business, date of establishment, business registration certificates and relevant licence produced, and price of food ingredients, the candidates will be subject to the approval of our head of procurement department and our Directors.

All our restaurants obtain their food ingredients from multiple suppliers for each type of food and there is no reliance on any one single supplier during the Track Record Period. As at 31 July 2019, we maintain a list of approved suppliers for food ingredients comprising over 250 suppliers with at least three approved suppliers for each type of food. In addition, our procurement staff conduct quality review from time to time and at least annually to ensure the quality of our approved suppliers meet our standard, including quality of food ingredients, quality of customer service, delivery efficiency, discounts and offers available. The annual review will be subject to the approval of our head of procurement department and our Directors.

In view of our current size of operation, our restaurants would each, according to its own operational cycle and needs, procures food supplies separately from our approved suppliers, who will in turn deliver the food supplies directly to the restaurant.

During the Track Record Period, we did not experience any food supply interruption or early termination of any contractual arrangement with suppliers or failure to secure sufficient quantities of food materials with material adverse impact on our operations. To the best of our Directors' knowledge, information and belief, we had not encountered any incident in which any of our Directors or employees was involved in any bribery or kickback arrangement with our suppliers during the Track Record Period. To prevent any kickback arrangements with our suppliers, we have implemented certain policies, such as comparing quotations from multiple suppliers, sourcing from pre-approved suppliers, monitoring settlement of purchases by our head office and setting out our policy on prevention of bribery and corruption in our employee handbook.

We have not entered into any long-term contract with our suppliers, which our Directors consider is in line with market practice. We generally order food ingredients by way of telephone or whatsapp on a need basis and based on the quotation provided by our suppliers. Our suppliers would send us invoices specifying name and type of products, quantity, price, payment terms and delivery date.

SALES AND MARKETING

Customers

Due to the nature of our business, our customers are mainly retail customers from the general public. As such, our Directors consider that it is not practicable to identify five largest customers or the largest customer for the Track Record Period. None of our customers accounted for 5% or more of our total revenue for FY2017, FY2018, FY2019 and the four months ended 31 July 2019 and we did not rely on any single customer during the Track Record Period. In line with the industry practice, during the Track Record Period and up to the Latest Practicable Date, we had not entered into any long-term contract with our customers. Our Directors confirm that we had no material dispute with our customers during the Track Record Period and up to the Latest Practicable Date.

Pricing strategies

We have adopted different pricing strategies for our all-you-can-eat cuisine and a-la-carte cuisine. For all-you-can-eat restaurants, we charge customers a fixed price for dining at our all-you-can-eat restaurants within a stipulated time period which is generally two to three hours. Our all-you-can-eat restaurants may slightly adjust their pricing depending on factors such as their branding, target customers, demographics, the time period of a day and the day in the week, competition in area in which the restaurant is located, as well as operating costs such as rental cost.

For our a-la-carte restaurant, we have an a-la-carte menu which set out the prices of our food and beverages. We charge customers based on their orders and there is no stipulated time limit for dining at our a-la-carte restaurant. To determine the prices in our menu, we generally take into account factors such as costs of the food ingredients and beverage, seasonal factors, new menu items, overall operating cost, such as rental cost, and prices of similar products set by competitors.

We review the menus of our restaurants and develop new menus on a quarterly basis. We charge customers a standard service fee of 10% which will be recognised as our revenue.

Our prices on our menus of each of our restaurants were relatively stable during the Track Record Period. See "Financial Information — Key Factors Affecting Our Results of Operations and Financial Conditions — Same store growth analysis of comparable restaurants" in this prospectus for an overview of our overall average spending per customer for comparable restaurants during the Track Record Period.

Monthly sales target

We set monthly sales target for each of our restaurants. The monthly sales target would be proposed by our head chefs and restaurant operation supervisor of each restaurant, which is calculated according to the estimated sales amount, costs of sales, net profit, net profit margin and salary. The proposed monthly sales target for each restaurant would then be considered and approved either by our chief financial officer and Directors or by way of discussion in the regular meetings. Each restaurant would prepare a monthly sales target analysis which sets out the reasons leading to deviation of the actual sales and costs figures from the monthly sales target and such analysis would be reviewed in the next monthly meeting. Our senior management will review the monthly performance of each restaurant and discuss with the relevant restaurant operation supervisor and head chefs in respect of the causes and the corresponding solutions if a restaurant was unable to achieve the monthly sales target. At the same time, we also encourage our restaurant operation supervisor and head chefs to communicate with our senior management with respect to suggestions on enhancing and strengthening our sales strategy.

For restaurants which performance have achieved or exceeded the monthly sales target, we will take that into account when assessing our bonus payment. We normally decide the bonus pool, if any, applicable to the restaurant staff, by considering (i) whether the applicable sales target for the restaurant has been achieved or if exceeded, the extent; (ii) whether that restaurant has maintained an efficient cost control for the relevant month being evaluated; and (iii) whether there is any complaint received for the relevant month regarding the relevant restaurant. The bonus pool will be approved by our Directors and the bonus payment will be distributed to the eligible restaurant staff on a quarterly basis.

Seasonality

We experience seasonality in sales. In general, we achieved higher sales from July to August during the summer vacation season and from December to February during festive seasons such as Christmas and New Year's Eve, with lower sales from September to November during post summer vacation seasons. Our Directors consider that we are able to capture more spending from students and families during summer holidays and from increased celebration activities from December to February during festive seasons such as Christmas, New Year's Eve and Chinese New Year.

Marketing and promotion

We marketed our brands in different ways to enhance our brand awareness and image, attract customers and promote our new restaurants. Our marketing department implements the marketing strategies formulated by our Directors, including graphic design and photo shooting of our menus and promotion channels and materials.

We pursue the following marketing and promotion strategies for our restaurants:

Our membership scheme

We value our customers and operate our membership schemes with a view to promoting repeated patronage from our customers and building our brand loyalty.

Our membership schemes offer benefits and privileges to members, including consumption of limited-edition-dishes, membership points redemption and birthday discount. In additions, the schemes provide us with an additional channel to obtain a better understanding of our customer preferences, visit frequency and spending, which allow us to counteract accordingly. Our membership schemes had an aggregate of over 50,000 members as at the Latest Practicable Date.

Press, advertisements, social media and online platforms

Our directors believe that it is of paramount importance to gain public recognition of our brands as well as offering our customers competitive pricing for quality products. We have promoted our brands through various channels including lightbox advertisements, leaflets, gourmet websites and mobile applications including Facebook and OpenRice, in view of the growing popularity of social media and rising use of online platforms. Our marketing focus has been on press relations, social media and advertisements during the Track Record Period.

By directly marketing our products to specific group of potential customers who are interested in our products and brands, we are able to manage our customer relationship directly and in a more effective manner, compared with such traditional advertising channel as television broadcast. We further believe word-of-mouth comments pose greater influence on potential clienteles. In this connection, we from time to time offer tasting sessions of our dishes for bloggers to freely comment.

Client specific events and general promotion

Our Directors are of the view that allocating resources to client specific events yields better results in our brand-building. To promote our brands and products, we place greater emphasis on developing new menus, organising frequent promotion campaigns at our restaurants, including off-peak hours discounts, and seasonal menus, and holding occasional events to encourage customers writing their reviews on our products and services and spread their reviews through the social media, such as the election of customer service ambassadors. Our Directors confirmed that we will keep on adopting direct customer-specific marketing.

Dining promotions with branded credit cards

Our Directors recognise that the higher the seat turnover rate the higher the revenue. Accordingly, we partner with certain banks to offer dining discounts to holders of branded credit cards. Our Directors believe that these dining promotions will benefit our restaurants by bringing additional customer visits.

INFORMATION SYSTEM

We have installed a computerised POS system at each of our restaurants independently for recording invoices, sales revenue and operating expenditure incurred by each of our restaurant. At close of business, each of our restaurants will generate a sales report from our POS system capturing such sales and expenditure data for that day. Such report will also contain information on sales made with credit card discount. With this system, our Group is able to exert better financial control and conduct business analysis. Only authorised persons can access or amend the data stored in our system, and only authorised persons can instruct our system provider to make amendments to the system.

The sales and expenditure data captured by the daily sales report will then be verified and reconciled by our finance department against the cash positions of our restaurants and input such data to our ERP system as our financial records.

QUALITY CONTROL

Our Directors believe that the quality of our food and service is dependent upon the implementation and effective management of our quality control system. We have implemented a standardised quality control system at our workshop, restaurants and staff to ensure our food and service provided are of consistent high quality. Our quality control system consists of supply chain control, food quality and food safety control, hygiene control, and service and restaurant operation quality control. Our Directors, general restaurant managers and workshop manager are responsible for the formulation and overall supervision of our quality control system. Our restaurant supervisors are responsible for the daily adherence with our quality control measures at operational level. Chefs of each restaurant are responsible for food related quality control such as food quality, food preparation, food storage and food safety. Restaurant operation supervisors are responsible for service and restaurant operation related quality control such as dining environment, customer service and storage of consumables. Workshop manager is responsible for the quality control management of the workshop. To ensure quality control measures are effectively observed, our quality control measures have been displayed at prominent places at each of our restaurants and workshop.

Supply chain management

Our chefs are responsible for food ingredients. Our restaurant operation supervisors are responsible for beverages, frozen confections and other consumables. Our workshop manager is responsible for raw materials. Our raw materials, food ingredients, beverages, frozen confections and other consumables are only sourced and ordered from our approved suppliers who are conservatively selected and are scrutinised on an ongoing basis. In addition, we adopt a series of standard quality control procedures to maintain our food quality and safety standard. For details of our supplier selection system, see "Supplier selection and management" in this section.

Food quality and food safety control

Delivery

Upon delivery of food ingredients, beverages, frozen confections and other consumables to our restaurants, our restaurant managers and supervisors will conduct quality checks on items that they have ordered. In similar manner, our workshop staff are responsible for quality checks on food ingredients delivered to our workshop. We also inspect, on a regular basis, the quality and condition of the food ingredients and other supplies, including whether there is sufficient time between the delivery dates and the expiry or best-by dates, before acceptance. We will reject and return food and supplies failing to conform with our quality control standards to our suppliers for replacement or refund.

Storage

In each of our restaurants and workshop, our supervisors are responsible for ensuring proper storage of our food ingredients, semi-processed foods and other supplies, respectively. We store the food ingredients under appropriate temperature and storage conditions in accordance with our procedures and manuals at our restaurants and workshop. We have real-time CCTV systems which monitor our restaurants and workshop and linked to key personal electronic devices kept by key management personnel. The system allows us to monitor the condition of our food stocks and react in response in a timely manner. In order to minimise excessive accumulation of our stocks, we adopt a first-in-first-out approach in our food stocks management and perform inventory checking at our workshop and each of our restaurants on a regular basis. For inventory levels of our perishable and non-perishable items and stocktaking, see "Procurement – Inventory" in this section for details.

Dishes preparation

Each of our restaurants has its own kitchen, which allows us to closely monitor each step of dishes preparation from food preparation to food quality when serving customers. This also enables us to lower the risk of food contamination during transportation, which is of particular importance for such high risk food as sushi and sashimi. In order to assure our food quality and reduce food waste, our dishes are freshly prepared upon receiving orders from customers. Our chefs are responsible for leading our kitchen staff in the preparation of sushi and raw food and in the cooking of hot food, respectively according to the work assigned to them. Our kitchen staff are required to process all the dishes, including cooking, sauce making, chopping, cutting, beverage making and cleaning, in accordance with our food preparation manuals under supervision of our chefs. Our chefs will check and return any dishes that failing to meet our quality control standards for preparation and/or cooking. After checking by our chefs, our restaurant staff will serve the food to our customers at their tables. Further, food leftovers, unused thawed meat and seafood and any expired supplies of the day will be discarded after our restaurant business hours every day.

In furtherance of advancing the interests of our customers by way of effective food quality control management, we engage an Independent Third Party to conduct sample assessment on our food products, such as sashimi, appetisers, desserts, ice and drinking water, and issue corresponding result reports for two or more of our restaurants randomly selected each month.

Hygiene control

Hygiene control is another key aspect of our quality control system. Each of our staff of our restaurants and workshop are required to strictly follow our standardised procedures with respect to hygiene in our restaurants and workshop, respectively. This includes sterilising hands and wearing gloves before processing food ingredients, cleaning and sanitising the restaurant premises, dining area and kitchen, every day before and after business hours, and reporting any irregularity to immediate supervisor or above. Our workshop adopts similar hygiene measures as our restaurants. As at the Latest Practicable Date, we had outsourced certain sanitary work, including dish washing and pest control, to Independent Third Parties service providers.

Service and restaurant operation quality control

Service quality is of equivalently significance as to food quality. In order to facilitate the day-to-day operation of our restaurants and offer service of consistently high standard, all the restaurant staff on duty of the day are required to attend daily meetings hosted by our restaurant manager, supervisors and head chef prior to restaurant business hours. The daily meetings mainly deal with resources allocation in respect of food ingredients and human resources, main dishes of the day, update of quality control procedures, and special matters requiring attention. To further ensure our standardised quality control system is effectively implemented at our restaurants, we provide each of our restaurant staff with requisite and on-the-job training in respect of our service quality standard, including serving manner, serving time, comfortability of dinning environment and accidents handling. We encourage our front-line restaurant staff to be courteous, competent and responsive and to provide cordial hospitality to customers. Our front-line restaurant staff would ensure the dining areas are clean and hygienic, table settings are in order, the cutleries are tidy and clean and there is continuous supply of food in the buffet areas. In addition, we conduct performance review on our restaurant staff based on various assessment criteria and their promotion opportunities and share of the bonus will be affected by their performance results.

Customers' complaints and feedbacks handling procedures

We value our customers' suggestions and feedbacks. In order to improve our services, we review customer feedbacks frequently and handle complaints seriously and within a reasonable timeframe. Various feedbacks regarding our restaurants are received from the feedback collection at our restaurants, our telephone hotline, social media and search engine (such as Facebook and OpenRice). When any complaint is received at restaurant level, such complaint will be relayed to our restaurant manager of the relevant restaurant and we will handle, follow-up and try to resolve the same on site. For each of our restaurants, our restaurant manager is also required to record the complaint and the handling result in our daily meeting minute. When any compliant is received via our telephone hotline or social media or search engine, such complaint will be relayed to our marketing staff depending on its nature, our marketing staff may require the relevant restaurant manager to follow up such complaint with the customer in order to maintain good customer relationship. We will keep record of the written customer feedback forms for future reference. Our management will review the complaints to ensure that the complaints that we have received will be handled properly. We will arrange necessary briefing to our staff to consistently improve the operation of our restaurants.

Where any complaint concerning the food safety of our restaurant, is received from any customer or any regulatory authority, such as the FEHD, the Consumer Council, Hong Kong Tourism Board, such complaint would be escalated and brought to our Directors' attention. We will conduct internal investigation on the complaint, address any concerns or enquiries from the relevant authority or department and handle the complaint based on the procedures mentioned above. During the Track Record Period and up to 30 September 2019, the FEHD had received 77 complaints and after investigation by the FEHD, two verbal and three written warnings were issued and the remaining 72 cases were closed without warning issued or enforcement action.

During the Track Record Period and up to the Latest Practicable Date, we had not received any complaints in relation to food poisoning or any complaints filed by our customers to the Consumer Council, Hong Kong Tourism Board and Customs and Excise Department in all material aspects. To the best of our Directors' knowledge, information and belief, we are not aware of any incidence of customer complaint claiming material compensation that could have a material adverse impact on our business, results of operations and financial position during the Track Record Period and up to the Latest Practicable Date.

AWARDS AND RECOGNITIONS

Set out below is a summary of our key awards/recognitions:

Award/recognition	Awarding body	Restaurants/Brand	Year(s) of award/ recognition
Best-ever Dining Awards — Must eat Japanese cuisine (必吃食店大獎 2018—必吃日菜)	Weekend Weekly Magazine (新假期周刊)	Daieiki Kichi Jyu Rock Salt CWB	2017 2018 2018

Award/recognition	Awarding body	Restaurants/Brand	Year(s) of award/ recognition
Certificate of Popularity for the Year 2017 (2017年度人氣商戶)	Dian Ping website (大眾點評網)	Daieiki	2017
		Daikiya	2017
		Daimanki	2017
		Deluxe Daieiki	2017
		Deluxe Daikiya	2017
		Joy Daikiya	2017
		Kichi Jyu	2017
		Tono Daikiya	2017
EatSmart Restaurant (有營食肆)	Department of Health of the Government	Daieiki MK	2019
		Daikiya CWB (Note)	2019
		Daikiya TST	2018, 2019
		Deluxe Daikiya CWB	2019
		Deluxe Daikiya TST	2018, 2019
		Joy Daikiya	2018, 2019
		Tono Daikiya	2018, 2019
Food Wise Hong Kong — Food Wise Eateries Scheme (惜食香港 — 咪嘥嘢食店計劃) — Silver	Environmental Protection Department	Daikiya TST	2019
		Deluxe Daikiya TST	2019
		Joy Daikiya	2019
		Tono Daikiya	2019
Hong Kong Famous Brands — Recommended Finalist (香港最受歡迎品牌 — 本會至尊推介入圍品牌)	Hong Kong Brand Development Council	Daikiya	2015
		Deluxe Daikiya	2015
		Joy Daikiya	2015
		Tono Daikiya	2015
OpenRice Best Restaurant Awards — Best Japanese Restaurant (最優秀開飯日本菜餐廳)	OpenRice website	Daieiki	2018
		Deluxe Daieiki	2017
		Deluxe Daikiya	2015, 2016, 2018
OpenRice Best Restaurant Awards — Best Restaurant in Mong Kok (最優秀旺角區開飯熱店)	OpenRice website	Daieiki MK	2017
		Daimanki MK	2015, 2016

Note: We closed down Daikiya CWB in March 2019

Award/recognition	Awarding body	Restaurants/Brand	Year(s) of award/ recognition
OpenRice Best Restaurant Awards — Best Restaurant in Tsim Sha Tsui (最優秀尖沙咀區開飯熱店)	OpenRice website	Deluxe Daikiya TST	2015, 2016, 2018
OpenRice Best Restaurant Awards — Best Restaurant in Wan Chai and Causeway Bay (最優秀灣仔／銅鑼灣區開飯熱店)	OpenRice website	Deluxe Daieiki CWB	2017, 2018
Quality Restaurant (優質餐館)	Hong Kong Tourism Board under the Quality Tourism Services (QTS) Scheme	Daikiya	2018, 2019
		Deluxe Daikiya	2018, 2019
		Joy Daikiya	2018, 2019
		Tono Daikiya	2018, 2019
Pursuit of Environmental Initiatives and Participation in the 2017 Hong Kong Awards for Environmental Excellence (推動環保不遺餘力及參與2017香港環境卓越大獎)	Environmental Campaign Committee	Daikiya	2017
		Deluxe Daikiya	2017
		Joy Daikiya	2017
		Tono Daikiya	2017

MARKET AND COMPETITION

According to CIC, the Japanese restaurant market in Hong Kong is relatively concentrated. The total revenue was approximately HK$10,907.7 million for 2018, with the top five Japanese restaurant operators accounted for approximately 41.4%, and we had a market share of 7.7% as the second largest operator. According to CIC, the Japanese all-you-can-eat market in Hong Kong is also relatively concentrated. The total revenue was approximately HK$2,179.4 million for 2018, with the top five Japanese all-you-can-eat operators accounted for approximately 72.5%. Our Company ranked first in the Japanese all-you-can-eat market with a revenue of HK$808.4 million and a market share of approximately 37.1% as of 2018.

According to the CIC Report, entry barriers to the Japanese restaurant market in Hong Kong include large initial capital investment, pre-requisite of obtaining licences for operating the restaurant business, recruitment of chefs, low brand awareness and difficulty in locating suitable premises. For details, see "Industry Overview" in this prospectus. We believe we are well-positioned in this market, with the strengths set out in "— Competitive Strengths" in this section.

INSURANCE

During the Track Record Period, we mainly maintained (i) public liability insurance; (ii) property insurance; (iii) business interruptions insurance; (iv) inland transit insurance; (v) office insurance; and (vi) employees' compensation insurance. We do not maintain insurance policies against all risks associated with our business. For the associate risks, see "Risk Factors — Risks relating to our business — We maintain limited insurance coverage" in this prospectus.

Our Directors are of the view that coverage of insurance policies taken out by our Group is adequate for our operation in all material aspects and is in line with the standard industry practice in Hong Kong. As at the Latest Practicable Date, our Group had not made, or been the subject of, any material insurance claim.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we had not engaged in any research and development activities.

ENVIRONMENTAL AND SOCIAL MATTERS

Environmental

We are committed to environmental protection and conservation and we have adopted environmental policies and have been undertaking initiatives in relation to environmental protection and conservation. In recognition of our efforts in this respect, some of our restaurants have been awarded the (i) Pursuit of Environmental Initiatives and Participation in the 2017 Hong Kong Awards for Environmental Excellence (推動環保不遺餘力及參與2017香港環境卓越大獎); and (ii) Silver category in the "Food Wise Hong Kong — Food Wise Eateries Scheme (惜食香港 — 咪嘥嘢食店計劃)" organised by the Environmental Protection Department in 2019.

Our business is subject to certain laws and regulations in relation to environmental protection in Hong Kong. See "Regulatory Overview" in this prospectus for further details. During the Track Record Period and up to the Latest Practicable Date, we did not incur any material cost of compliance with respect to environmental laws and regulations, including application for water pollution control licences for all of our restaurants and application for air pollution control licences, when required, for all of our restaurants. We estimate that our annual costs of compliance going forward will increase in view of the expected increase in our number of restaurants. As at the Latest Practicable Date, save as the non-compliance incidents disclosed in "Legal Proceedings and Compliance — Legal and regulatory compliance" in this section, our Group had not come across any material non-compliance issues in respect of any applicable laws and regulations on environmental protection.

Social

We have adopted policies on compensation and dismissal, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

We follow safety manuals issued by the Occupational Safety of Health Council which set out work safety measures to prevent common accidents which could happen in our restaurants. We actively promote occupational health and safety measures and to ensure compliance with the applicable laws and regulations.

Any accident which occurs at our restaurants or our workshops will be reported to our supervisors and our head office. During the Track Record Period, we did not encounter any material workplace injuries reported to our insurer and the Commissioner of Labour in Hong Kong pursuant to the ECO.

During the Track Record Period and up to the Latest Practicable Date, save as the non-compliance incidents disclosed in the "Legal Proceedings and Compliance — Legal and regulatory compliance" in this section, our Directors have confirmed that there were no material accidents, health injuries, no violation of health, work safety, social and environmental laws, rules and regulations applicable to our Group's operations in all material respects.

INTELLECTUAL PROPERTY

Our Group's intellectual property rights are important to our business. As at the Latest Practicable Date, we had 14 registered trademarks in Hong Kong, two registered trademarks in the PRC, and one domain name. For details of our intellectual property rights, see "Statutory and General Information — B. Further Information about the Business of our Group — 2. Intellectual property of our Group" in Appendix IV to this prospectus.

As at the Latest Practicable Date, we were not involved in any proceedings with regard to, and we had not received notice of any claims of infringement or, any intellectual property rights that may be threatened or pending, in which we may be involved either as a claimant or respondent in all material aspects.

EMPLOYEES

We had approximately 545, 578, 604 and 749 employees (full-time and part-time) as at 31 March 2017, 2018, 2019 and 31 July 2019, respectively. The table below shows the number of our employees (full-time and part-time) by functional role as at the Latest Practicable Date:

	As at the Latest Practicable Date
Directors, senior management and heads of various department	8
Accounting and finance	13
Human resources and administration	5
Procurement	5
Marketing	3
Restaurant personnel	
Restaurant managers	6
Chefs and kitchen personnel	356
Restaurant operations managers and operations personnel	315
Workshops	12
Total:	723

Recruitment and staff turnover

We attract talents by offering competitive salaries and benefits, rewards for performance and ongoing trainings to our full-time employees. We have adopted various initiatives for recruitment of restaurant staff including posting job advertisements at our restaurants and on online job portal(s). We offer promotion opportunities to our existing employees based on their performance.

During the Track Record Period, our employee benefits expense amounted to approximately HK$105.3 million, HK$135.5 million, HK$140.1 million and HK$51.7 million, respectively, representing approximately 19.0%, 19.0%, 16.7% and 19.6% of our total revenue, respectively.

During the Track Record Period, our staff turnover rate was approximately 46%, 51%, 45% and 38.4%, respectively. According to the CIC Report, it is not unusual for catering industry to have a relatively high staff turnover rate.

Staff remuneration and benefits

We will review the performance of our staff periodically and consider the results of such review for staff's annual salary review and promotion appraisal. We seek to motivate our restaurant staff by performance-based bonus and attendance bonus in addition to their basic salary.

We have participated in the MPF schemes prescribed by the MPFSO. All requisite contributions had been paid by us in accordance with the aforesaid law as at the Latest Practicable Date.

We have conditionally adopted the Share Option Scheme on 20 December 2019 under which certain selected classes of participants (including, among others, full-time employees) may be granted options to subscribe of the Shares. The principal terms of the Share Option Scheme are summarised in "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus.

Labour service management

We experience seasonality in sales and the corresponding volatility in our demand of manpower. For example, we may require more manpower within a short period of time such as grand opening of new restaurants and for a limited time during peak seasons, such as Christmas, New Year's Eve and the summer vacation season. Customer traffic will normally increase during peak seasons. In order to ensure we have sufficient manpower to provide quality service in our restaurants to cater for such increase, instead of hiring long term staff, we have opted for a flexible and efficient choice of human resources management by engaging an independent third party labour service provider at the cost of payment of additional services charges. According to CIC, given that restaurant operations are highly service-oriented and labour-intensive, it is not uncommon for restaurant operators to enter into labour service agreements with an independent third party labour service provider, pursuant to which the labour service provider will provide casual workers, full-time and part-time personnel to supplement the workforce in restaurants during peak seasons.

In order to better manage our human resources and avoid over staffing, our Group entered into service agreements in January 2018 which renewed in January 2019 ("**Labour Service Agreements**") with a labour service provider ("**Labour Service Provider**"), an Independent Third Party, pursuant to which the Labour Service Provider will provide casual workers, full-time and part-time personnel ("**Personnel**") to our Group in accordance with our request. The remuneration, MPF contributions and employees' compensation insurance of the Personnel are borne by the Labour Service Provider. Our Group pays a monthly service fee to the Labour Service Provider for the services rendered, calculated based on the number and type of Personnel provided plus service charges. Upon receipt of the invoice, we normally settle the service fees within seven days upon confirmation of the invoiced amount by our accounting department. The initial term of the Labour Service Agreements is one year and will be automatically renewed and extended for another three years unless either party gives notice to the other. The Labour Service Agreements can be terminated by either party serving 30 days' written notice on the other party. Our Directors consider that the Labour Service Agreements have been entered into in the ordinary and usual course of our business and are based on arm's length negotiations and on normal commercial terms that are in the interests of our Group and our Shareholders as a whole. According to CIC, the service fee charged by the Labour Service Provider is comparable to the fees charged by other labour service providers.

During the Track Record Period, we had engaged labour service provider. We did not engage any labour service provider during FY2017 and for the nine months ended 31 December 2017. We opened four new restaurants in FY2018 which commenced operations in July, August, November and December 2017, respectively. Our engagement of the Labour Service Provider commenced in January 2018 as our Directors are of the view that such engagement allowed us to better manage human resources as the Labour Service Provider can (i) assist us to employ workers in a timely and efficient manner by providing us with a pool of immediately accessible and ready-for-use manpower resources for a flexible duration and thereby saving our time and administrative efforts in sourcing manpower, particularly during peak seasons that our Group may encounter difficulties in hiring workers; (ii) reduce our administrative burden in connection with the MPF contributions, employees' compensation insurance, remuneration and record keeping of the manpower supplied as such administrative tasks were within the scope of services provided by the Labour Service Provider pursuant to the Labour Service Agreements; (iii) reduce our management and training efforts at the restaurant level as the manpower supplied by the Labour Service Provider generally possessed the required skill-set and service quality that would meet our expectation and requirement; and (iv) provide a reliable and stable stream of supply of manpower resources which is important for our plan to grow and expand in the long run.

Given our growing demand of staff resources and relatively high temporary staff demand within the catering industry for peak seasons, we started the engagement of the Labour Service Provider since January 2018, which has provided timely and efficient alternative access to manpower resources which supported our business growth. For the three months ended 31 March 2018, FY2019 and the four months ended 31 July 2019, our total costs for the engagement of the Labour Service Provider accounted for approximately HK$10.6 million, HK$54.5 million and HK$16.6 million, respectively. Since September 2019, as part of cost control measures, our Group has gradually reduced the use of casual workers from independent third party service provider. For further details, see "Financial Information — Key Factors Affecting Our Results of Operations and Financial Conditions — Staff costs" in this Prospectus.

We did not experience any material dispute with our Labour Service Provider since engagement and up to the Latest Practicable Date.

Training

Our head chefs are generally responsible for providing training on food processing and kitchen operation. Our restaurant managers are generally responsible for providing training in relation to dining service to our staff. We provide on-the-job training to new recruits.

Labour unions and any labour disputes

We have no workers' union. Our Directors confirm that we did not experience any significant staff compensation or labour disputes during the Track Record Period and up to the Latest Practicable Date. We consider that we have maintained satisfactory relationship with our employees.

PROPERTIES

Owned property in Hong Kong

As at the Latest Practicable Date, we owned a property situated at Unit B18 on the 11th Floor of Merit Industrial Centre, No. 94 To Tokwawan Road, Kowloon, Hong Kong with a GFA of approximately 315.87 sq. m., which is being used as our office.

As at 31 July 2019, none of our property interests that do not form part of our property activities had a carrying value of 15% or more of our consolidated total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this prospectus is exempt from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all of our interests in land or buildings.

Leased properties in Hong Kong

As at the Latest Practicable Date, we leased 19 properties in Hong Kong, the majority of which were used as restaurants. We consider the leasing arrangement is advantageous to our overall business plan as it helps us reduce our initial capital outlay and allows us to concentrate our capital resources on renovation and improvement of our restaurants. Our Leased Properties Expenses amounted to approximately HK$58.1 million, HK$75.6 million, HK$83.9 million and HK$31.7 million which represented approximately 10.5%, 10.6%, 10.0% and 12.0% of our revenue for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, respectively.

Our Directors and senior management are responsible for negotiating with the landlords in relation to the renewal of the existing tenancy agreements before their respective expiry dates. When renewing the existing tenancy, we consider various factors, including pedestrian traffic and convenience of location, demographics of location, the revenue performance of the restaurants and the leasing terms. As at the Latest Practicable Date, we intended to renew all the existing tenancy agreements upon expiry. Our Directors confirm that they did not receive any indication from the landlords that any of the tenancy agreements may not be renewed upon expiry as at the Latest Practicable Date.

The table below sets out details of the properties leased and occupied by us as at the Latest Practicable Date. Save as otherwise disclosed below, all our landlords are Independent Third Parties.

No.	Name of restaurant/ workshop	Address as shown in the tenancy agreement	Approximate licensed floor area (sq. m.)	Rental type	Use of Property	Rental term	Option to renewal
1	Daieiki MK	5/F, Far East Bank Mong Kok Building, 11 Nelson Street, Kowloon, Hong Kong	481.92	Basic rent	Restaurant	Three years commencing on 1 May 2017 and expiring on 30 April 2020	N/A
2	Daikiya TST	5/F, Manson House, 74–78 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong	430.65	Basic rent	Restaurant	Three years commencing on 9 March 2019 and expiring on 8 March 2022	N/A
3	Daimanki KT	10/F, One Pacific Centre, 414 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong	423.18	Basic rent	Restaurant	Three years commencing on 20 July 2018 and expiring on 19 July 2021	N/A
4	Daimanki MK	8/F, Chong Hing Square, 601 Nathan Road, Kowloon, Hong Kong	513.99	Basic rent	Restaurant	Three years commencing on 5 November 2018 and expiring on 4 November 2021	N/A
5	Deluxe Daieiki CWB	11/F, Causeway Bay Plaza 2, 463–483 Lockhart Road, Hong Kong	574.82	Basic rent and turnover rent	Restaurant	Three years commencing on 1 August 2018 and expiring on 31 July 2021	N/A
6	Deluxe Daieiki KT	5/F, One Pacific Centre, 414 Kwun Tong Road, Kowloon, Hong Kong	713.69	Basic rent	Restaurant	Three years and four months commencing on 5 October 2019 and expiring on 4 February 2023	An option to renew for three years
7	Deluxe Daieiki YL	Shop 2001a, Level 2, Yoho Mall 1, 9 Long Yat Road, Yuen Long, New Territories	536.4	Basic rent and turnover rent	Restaurant	Five years commencing on 1 September 2017 and expiring on 31 August 2022	N/A
8	Deluxe Daikiya CWB	9/F, Causeway Bay Plaza 1, 489 Hennessy Road, Hong Kong	715.21	Basic rent and turnover rent	Restaurant	Six years commencing on 19 June 2017 and expiring on 18 June 2023	N/A
9	Deluxe Daikiya TST	Shop 102, 1/F, Albion Plaza, 2–6 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong	400.48	Basic rent	Restaurant	Three years commencing on 20 February 2019 and expiring on 19 February 2022	N/A
10	Joy Daikiya	2/F, Chong Hing Square, 601 Nathan Road, Kowloon, Hong Kong	818.65	Basic rent	Restaurant	Three years commencing on 16 October 2018 and expiring on 15 October 2021	N/A
11	Kichi Jyu	5/F, 655 Nathan Road, Mong Kok, Kowloon	600.31	Basic rent	Restaurant	Three years commencing on 8 November 2019 and expiring on 7 November 2022	N/A

No.	Name of restaurant/ workshop	Address as shown in the tenancy agreement	Approximate licensed floor area (sq. m.)	Rental type	Use of Property	Rental term	Option to renewal
12	Rock Salt CWB	Shop A, 16/F, Lee Theatre Plaza, 99 Percival Street, Causeway Bay, Hong Kong	312.75	Basic rent and turnover rent	Restaurant	Three years commencing on 7 June 2017 and expiring on 6 June 2020	Two years
13	Tono Daikiya	1/F, Kimberley 26, 55 Carnarvon Road and 26 Kimberley Road, Tsim Sha Tsui, Kowloon	653.9	Basic rent and turnover rent	Restaurant	Three years commencing on 1 August 2018 and expiring on 31 July 2021	N/A
14	Daikiya ST (Note 1)	Shop Nos. 33, 44–46, Level 1, Shatin Plaza, Shatin, New Territories	582.92	Basic rent and turnover rent	Restaurant	Three years commencing on 27 March 2019 and expiring on 26 March 2022	Three years
15	Rock Salt MK* (Note 1)	Shop No. 367, Level 3, MOKO, 193 Prince Edward Road West, Mongkok, Kowloon, Hong Kong	260.42	Basic rent and turnover rent	Restaurant	Five years commencing from 1 October 2019 and expiring on 30 September 2024	N/A
		Sub-total	8,019.29				
16	Workshop 1 (Note 2)	Flat 9, Block B, 7/F, Merit Industrial Centre, 94 Tokwawan Road, Kowloon	410.8	Basic rent	N/A	Three years commencing on 1 May 2018 and expiring on 30 April 2021	N/A
17	Workshop 2# (Note 1)	Flat 11, Block B, 7/F, Merit Industrial Centre, 94 Tokwawan Road, Kowloon	89.57	Basic rent	Industrial	Two years commencing on 1 March 2019 and expiring on 28 February 2021	One year

* *Provisional General Restaurant Licence*

\# *Provisional Food Factory Licence*

Note:

1. As at the Latest Practicable Date, (i) workshop 2 obtained the provisional food factory licence, pending issue of the formal licence; and (ii) Rock Salt MK obtained the provisional general restaurant licence, pending issue of the formal licence. We intend to enhance our efforts on improving and developing creative dishes and menus to cater for customers' changing tastes by utilising workshop 2 to provide a platform for our executive chefs, head chefs and chefs to exchanging ideas and developing creative menus and new dishes for our restaurants.

2. The property is leased from connected persons. See "Connected Transactions — Fully exempt connected transaction" for further details.

Excluding those restaurants which were within the initial term of their respective tenancy agreement as at the Latest Practicable Date, our Group has been able to renew the tenancy agreements of 10 out of 11 of our restaurants in our operating history, representing a historical renewal rate of approximately 91%. We did not renew one tenancy agreement historically because we closed down one all-you-can-eat restaurant Daikiya CWB in March 2019 upon expiry of the lease.

The table below sets out details of the properties and occupied by our office as at the Latest Practicable Date:

No.	Name of premises	Address as shown in tenancy agreement	Approximate GFA (sq. m.)	Rental type	Use of Property	Rental term	Option to renewal
1	Office	Flat 5, Block B, 10/F and 11/F, Merit Industrial Centre, 94 Tokwawan Road, Kowloon	349.87	Basic rent	N/A	Two years commencing on 20 December 2018 and expiring on 19 December 2020	Two years
2	Filing room	Flat 16, Block B, 10/F, Merit Industrial Centre, 94 Tokwawan Road, Kowloon	83.98	Basic rent	N/A	Two years commencing on 1 October 2017 and expiring on 30 September 2019	One year

LICENCES AND PERMITS

Our Legal Counsel has advised that save as disclosed in "Legal Proceedings and Regulatory Compliance" in this section, we had obtained all requisite licences and approvals from the relevant government authorities for our business operations and such licences and approvals remain valid as at the Latest Practicable Date.

Details of the general restaurant licences and liquor licences we currently hold by our restaurants are as follows:

	General restaurant licence			Liquor licence		
Branch	Holder	Licence number	Validity period of current licence	Holder (Note 2)	Licence number	Validity period of current licence
Daieiki MK	Riches International	2262810306	12 January 2020– 11 January 2021	Chen Yongjie	5262823224	4 August 2019– 3 August 2021
Daikiya TST	Legend Success	2261804832	15 October 2019– 14 October 2020	Hsu Chi Yung	5261804486	2 April 2018– 1 April 2020
Daikiya ST (Note 1)	Sky Pro	2297806972	5 December 2019– 4 December 2020	Leung Nok Shun	5297823769	6 December 2019– 4 June 2020
Daimanki KT	Galaxy United	225105133	10 March 2019– 9 March 2020	Lau Chi Kin Raymond	5251821981	16 November 2018– 15 November 2020
Daimanki MK	Admiralty Develop	2262809515	22 January 2020– 21 January 2021	Wong Wing Sing	5262822504	2 October 2019– 1 October 2021
Deluxe Daieiki CWB	Enrich International	221212848	1 August 2019– 31 July 2020	Lam Ying-kit	5212828792	14 October 2019– 13 October 2021
Deluxe Daieiki KT (Note 1)	Fertility International	2251805939	4 September 2019– 3 September 2020	Yeung Chun Sing	5251822540	19 January 2020– 18 January 2021
Deluxe Daieiki YL	Boss International	2294807707	3 August 2019– 2 August 2020	Yu Shun On	5294824318	28 December 2019– 27 December 2020

	General restaurant licence			Liquor licence		
Branch	Holder	Licence number	Validity period of current licence	Holder *(Note 2)*	Licence number	Validity period of current licence
Deluxe Daikiya CWB *(Note 1)*	Rich Tech	2212815306	24 May 2019– 23 May 2020	Ho Wai-leong	5212832120	20 September 2019– 19 September 2020
Deluxe Daikiya TST	Smooth International	2261811685	19 November 2019– 18 November 2020	Tse Wing Hong	5261827210	18 July 2019– 17 July 2020
Joy Daikiya	Rich Square	2262811008	7 September 2019– 6 September 2020	Wong Wai Hung	5262823507	18 February 2019– 17 February 2020
Kichi Jyu	Ample International	2262807926	2 August 2019– 1 August 2020	Lin Kwok Hung	5262820571	4 January 2019– 3 January 2021
Rock Salt CWB	Bright Chief	2212812404	9 May 2019– 8 May 2020	Yip Chi-ping	5212828817	24 September 2019– 23 September 2021
Rock Salt MK*	Sun Rich	3862811483	28 November 2019– 27 May 2020	Wong Ting Chung	5262828292	9 December 2019– 27 May 2020
Tono Daikiya	Amazing Profit	2261813104	20 April 2019– 19 April 2020	Lin Mei Ching	5261828985	14 October 2019– 13 October 2021

* *Provisional General Restaurant Licence*

Notes:

1. Air pollution control licences are required for Deluxe Daieiki KT, Deluxe Daikiya CWB and Daikiya ST among the group restaurants. Fertility International and Rich Tech had obtained from the Environmental Protection Department the Certificate of Approval issued on 8 November 2016 and 25 July 2017, respectively, under Regulation 10 of the Air Pollution Control (Furnaces, Ovens and Chimneys) (Installation and Alteration) Regulations for the restaurants, namely Deluxe Daieiki KT and Deluxe Daikiya CWB, respectively and the air pollution control licence of Daikiya ST still under the process of application.
2. According to Regulation 17 of the DCR, the LLB may grant a liquor licence without conditions or subject to such conditions as it thinks fit. As it is one of the licensing conditions for the liquor licence that the holder of the liquor licence shall personally supervise the premises where liquor is sold, therefore the liquor licence cannot be held by our Company directly and therefore, we designate our employees to hold the liquor licences. As at the Latest Practicable Date, all of the named licence holders were employees of our Group.

Our Directors currently do not foresee any material difficulties in the renewal of licences that will expire in 2020.

Water Pollution Control Licences

During the Track Record Period and up to the Latest Practicable Date, we had 16 subsidiaries which did not obtain the relevant water pollution control licences for the business operations of our restaurants and workshop. As at the Latest Practicable Date, our Group has obtained all water pollution control licences required, which details are set out in the table below. For details, see "Legal Proceedings and Compliance — Legal and regulatory compliance" in this section.

The table below sets forth the details of our water pollution control licences as at the Latest Practicable Date:

	Water pollution control licence		
Premises	**Licensee**	**Licence number**	**Validity period of current licence**
Deluxe Daikiya CWB	Rich Tech	WT00033932-2019	22 May 2019–31 May 2024
Workshop 1	Global Prosperity	WT00034247-2019	24 July 2019–31 July 2024
Daikiya TST	Legend Success	WT00034304-2019	12 August 2019–31 August 2024
Deluxe Daikiya TST	Smooth International	WT00034308-2019	12 August 2019–31 August 2024
Joy Daikiya	Rich Square	WT00034407-2019	12 August 2019–31 August 2024
Tono Daikiya	Amazing Profit	WT00034285-2019	12 August 2019–31 August 2024
Kichi Jyu	Ample International	WT00034281-2019	12 August 2019–31 August 2024
Daimanki MK	Admiralty Develop	WT00034427-2019	12 August 2019–31 August 2024
Daieiki MK	Riches International	WT00034425-2019	12 August 2019–31 August 2024
Daimanki KT	Galaxy United	WT00034503-2019	4 September 2019–30 September 2024
Daikiya ST	Sky Pro	WT00034850-2019	23 October 2019–31 October 2024
Deluxe Daieiki CWB	Enrich International	WT00034586-2019	25 October 2019–31 October 2024
Deluxe Daieiki KT	Fertility International	WT00034406-2019	13 August 2019–31 August 2024
Rock Salt CWB	Bright Chief	WT00034787-2019	23 October 2019–31 October 2024
Deluxe Daieiki YL	Boss International	WT00035182-2019	19 December 2019–31 December 2024
Rock Salt MK	Sun Rich	WT00035279-2019	13 December 2019–31 December 2024

Food factory licences

The table below sets forth the details of our food factory licences as at the Latest Practicable Date:

	Food factory licence		
Premises	**Holder**	**Licence number**	**Validity period of current licence**
Workshop 1	Global Prosperity	2952804116	4 May 2019–3 May 2020
Workshop 2*	Global Prosperity	4952806396	9 August 2019–8 February 2020

* *Provisional Food Factory Licence*

We have obtained a provisional food factory licence for workshop 2. Workshop 2 is currently used by our Group as storage.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal proceedings

We had been subject to a number of claims and prosecutions during the Track Record Period, including licensing-related violations. There had also been claims for personal injuries and employees' compensation from time to time which our Directors consider not uncommon in the catering service industry. Save that there was one outstanding work-related injury claims against our Group, in respect of which our Directors confirm that the conduct of the proceedings is taken over by our insurers, we had not been involved in any unsettled litigation, proceedings, or claims during the Track Record Period and up to the Latest Practicable Date, the outcome of which we believed might materially and adversely affect our business, operations or financial position.

Legal and regulatory compliance

Save as the non-compliance incidents disclosed below, to the best knowledge of our Directors, our Group has complied with the relevant laws and regulations applicable to our business in Hong Kong in all material respects during the Track Record Period and up to the Latest Practicable Date. Our Directors consider the non-compliance incidents have no material adverse effect on us or our ability to obtain relevant qualifications, permits or licences for our operation.

	Non-compliance incident	Reasons	Legal consequences and potential maximum penalties	Remedial actions and current status
1.	During the Track Record Period, the following companies of our Group failed to enrol 1,356 casual workers in a registered MPF scheme and make contributions for such casual workers: Admiralty Develop, Amazing Profit, Ample International, Boss International, Bright Chief, Enrich International, Fertility International, Galaxy United, Global Prosperity, Legend Success, Rich Square, Rich Tech, Riches International, Smooth International and Sure Gain Upon realising the statutory MPF requirements concerning these casual workers during the preparation of the Listing, we reviewed our records and discovered that for FY2017 and FY2018, the outstanding MPF contributions payable by us as an employer and the relevant casual workers were approximately HK$2.7 million and HK$3 million respectively. As at the Latest Practicable Date, we had not been prosecuted for any of such breaches nor had we received any complaints from these casual workers.	The non-compliance was caused by (i) reliance on an external tax and accounting consultant who failed to advise our Group to make MPF contributions for causal workers; (ii) former administrative personnel of our Group failed to keep proper record of all casual workers and failed to observe the MPF requirements, (iii) certain casual workers did not provide details of their industrial scheme accounts to our Group, and (iv) the high turnover rate of casual workers.	Breach of sections 7 and 7AA of the MPFSO is subject to a maximum penalty of a fine of HK$350,000 and imprisonment of three years and a fine of HK$100,000 on first conviction and imprisonment of six months, respectively. As advised by our Legal Counsel, given the companies have a clear record in relation to any conviction of MPFSO, the imposition of maximum fine and imprisonment is highly unlikely. As advised by our Legal Counsel, for breaches committed within three years, proceedings may only be instituted within six months after the offence is discovered by or comes to the notice of the Mandatory Provident Fund Schemes Authority (the "**MPF Authority**"). If the MPF Authority does not bring any proceedings within six months thereof, prosecution of these breaches is also time-barred. Our Legal Counsel further opined that given (i) we had a clear record in relation to any conviction under the MPFSO; and (ii) we notified our MPF trustees and paid the MPF contributions with 5% surcharge of the amount in arrears and the trustees had informed the MPF Authority, it was highly unlikely that prosecution would be instituted or further penalty be imposed against our Group. Our tax consultant also concurred with our Legal Counsel's view and opined that no financial penalties would be imposed against our Group. Since our Group notified the MPF Authority on 31 May 2019 and the MPF Authority did not bring any proceedings before 30 November 2019, our legal Counsel opined that the prosecution of these breaches was time-barred.	Upon reviewing all the available records and calculating the outstanding MPF contributions which amounted to approximately HK$5.4 million and total surcharges of appropriately HK$0.3 million (being 5% of the amount of the contribution in arrears), our Group made a payment in the total sum of approximately HK$5.7 million to its MPF trustees to settle the outstanding MPF contributions and surcharges on 4 April 2019. On 31 May 2019, we informed the MPF Authority of this non-compliance. Our Group has ceased to employ causal workers since 1 January 2018. Our Group has entered into an agreement with a dispatch work agency which assigns their employees to our restaurants upon our request. There is no employment relationship between the dispatched labour and us, and the dispatch work agency shall be responsible for the MPF contributions of their employees. We have designated the person-in-charge of our Group's human resources and administration department to review the MPF contribution summary and check the completeness and accuracy of the record on a day-to-day basis to ensure that the MPF contribution payments are paid on time. The person-in-charge of our Group's human resources and administration department reports to our chief financial officer, who is a member of the compliance committee. Our Group has established a compliance committee to assist in overseeing compliance with the laws and regulations relevant to our operations as well as adequacy and effectiveness of regulatory compliance procedures and system. See the paragraph headed "Risk Management and Internal Control Systems" of this section for details of our compliance committee.

	Non-compliance incident	Reasons	Legal consequences and potential maximum penalties	Remedial actions and current status
2.	During the Track Record Period, the following restaurants operated by our Group either commenced operation without a provisional restaurant licence and/or liquor licence and/or continued operation after the provisional restaurant licence and/or liquor licence expired before the general restaurant licence or liquor licence was granted, thus contravened respectively section 31(1) of FBR, where no person shall carry on any of food businesses like a restaurant except under and in accordance with a licence granted by the FEHD and section 17 (3B) of DCO, where no person shall sell, or advertise or expose for sale, or supply, or possess for sale or supply liquor except with a liquor licence: — Tono Daikiya: (a) without a restaurant licence — 14 April 2016 to 19 April 2016 (b) without a liquor licence — 14 April 2016 to 5 May 2016 — Deluxe Daikiya CWB: (a) without a restaurant licence — 20 August 2017 to 19 September 2017 — 20 March 2018 to 23 May 2018 (b) without a liquor licence — 20 August 2017 to 19 September 2017 — 20 March 2018 to 6 June 2018 — Deluxe Daieiki CWB: (a) without a restaurant licence — 13 April 2016 to 31 July 2016 (b) without a liquor licence — 30 September 2015 to 13 October 2016 — Deluxe Daieiki KT: (a) without a restaurant licence — 2 December 2016 to 18 January 2017 — 19 July 2017 to 3 September 2017 (b) without a liquor licence — 2 December 2016 to 18 January 2017 — 19 July 2017 to 21 September 2017 — Deluxe Daieiki YL: (a) without a restaurant licence — 28 June 2018 to 2 August 2018 (b) without a liquor licence — 28 June 2018 to 13 August 2018 The incomes derived from operations without the relevant licences for FY2017, FY2018 and FY2019 were approximately HK$11.6 million, HK$5.9 million and HK$10.2 million, respectively which is based on unaudited management accounts.	During the Track Record Period, our Group relied on an external consultant to advise and assist on matters relating to the general restaurants licences and liquor licence for our operations. The omissions were due to (i) the inadvertent oversight of the expiry of the provisional restaurant licences and/or liquor licence handled by the external consultant; (ii) there was a delay in handling our application for the restaurant licence and/or liquor licence on the part of the relevant authority; (iii) the lack of complete and accurate understanding of the relevant laws and regulations and the reliance on the external consultant; and (iv) the inadequate internal control measures adopted by our Group in monitoring the commencement of operation before obtaining provisional restaurant licences and/or liquor licence and expiry of provisional restaurant licences and/or liquor licence.	For the breach of regulation 31(1) of the FBR, the maximum fine is HK$50,000, imprisonment for six months and HK$900 for each day during which the offence continues. For the breach of section 17(3B) of DCO, the maximum fine is HK$1,000,000 and imprisonment of 2 years. Our Legal Counsel opined that the breaches relating to the liquor licence were non-material. Further, noting that the liquor licences have been granted, no complaint or conviction against our Group has been instituted and these non-compliance incidents were beyond 6 months of the limitation period, our Legal Counsel opined that there was no risk of conviction against our Group.	As at the Latest Practicable Date, all the relevant restaurants had obtained valid restaurant licences and liquor licences. Our Group has employed an experienced licensing officer ("**Licensing Officer**"), who holds a certificate in food business licences and catering related facility management issued by the Integrated Vocational Development Centre in 2015 and gained relevant experience through working over 5 years in a subsidiary of a company listed on the Main Board of the Stock Exchange mainly engaged in the operation of full-service restaurants in Hong Kong, to ensure all restaurants have obtained, maintained and renewed the relevant restaurant licences and liquor licences during operations. Our Group has established a compliance committee to assist in overseeing compliance with the laws and regulations relevant to the operations as well as adequacy and effectiveness of regulatory compliance procedures and system. See the paragraph headed "Risk Management and Internal Control Systems" of this section for details of our compliance committee.

	Non-compliance incident	Reasons	Legal consequences and potential maximum penalties	Remedial actions and current status
3.	The following companies of our Group failed to file their respective tax returns for the years of assessment FY2016, FY2017 and FY2018 within the stipulated time limit, contrary to section 51 of the IRO: Global Prosperity; Ample International; Riches International; Enrich International; and Fertility International. The non-compliance was revealed during the preparation of Listing, our Group then engaged a tax consultant to handle the matter and to liaise with the IRD.	The omission was not wilful and was due to (i) reliance on tax and accounting agent; and (ii) inadvertent oversight of the administrative staff of our Group who were responsible for tax returns at the relevant time.	Each of the companies which fails to comply with requirements of the IRD notice without reasonable excuse is liable to a fine of HK$10,000 and a further fine of treble the amount of the tax which has been undercharged. Each of the companies may also be liable to additional tax assessed by the Commissioner of the IRD the maximum of which is treble the amount of tax undercharged.	In February 2019, our tax adviser, on behalf of (i) Global Prosperity, (ii) Ample International, (iii) Riches International, (iv) Enrich International and (v) Fertility International, notified the IRD of the non-compliance by these companies. By April 2019, the aforesaid companies duly paid the tax amount as adjudicated by IRD for the years of assessment years of 2015/2016, 2016/2017 and 2017/2018 regarding the late filing of tax return. According to the IRD's letter to each of the companies dated 20 May 2019, no prosecution action would be taken by the IRD with the return of the offer acceptance slip, and payment of the penalty. The total amount of penalty paid was HK$527,000 Our Legal Counsel opined that there was no risk of prosecution and imposition of further fines. Our Group has designated a specific staff member to closely monitor its tax returns filing matter.
4.	Since their respective days of commencement of business, the following companies of our Group did not obtain the relevant water pollution control licences for the business operations of our restaurants, which is in breach of sections 8 and 9 of the WPCO: Admiralty Develop; Amazing Profit; Ample International; Boss International; Bright Chief; Enrich International; Fertility International; Galaxy United; Global Prosperity; Legend Success; Rich Square; Rich Tech; Riches International; Smooth International; and Sky Pro.	Our external licensing consultant did not advise us that a water pollution control licence was a pre-requisite for the operation of our restaurants. As we relied on the external licensing consultant to advise on the necessary licences relating the our restaurants, and therefore, our Group did not apply for water pollution control licences for our restaurants. In addition, given that (i) we have not received any written request or warning from the Environmental Protection Department requiring us to apply for water pollution control licence for our restaurants and (ii) the grant of the water pollution control licence is not a pre-requisite for the grant of the general restaurant licence, our management was not aware of such requirement until the preparation of Listing.	Breach of section 8 or 9 of the WPCO is subject to a maximum penalty of imprisonment for six months and for a first offence, a maximum fine of HK$200,000, for a second or subsequent offence, a maximum fine of HK$400,000 and for a continuing offence, a maximum daily fine of HK$10,000. Our Legal Counsel opined that the non-compliance was non-material and the likelihood of prosecution was low. Even if the companies are prosecuted, the estimated total penalty of this non-compliance is HK$13,000. Further, our Legal Counsel opined that the non-compliance would not affect the respective restaurant licences of those companies. Thus, the absence of water pollution control licence would not have an adverse impact on the business operation of our restaurants.	Applications for the water pollution control licences were made in March 2019 and acknowledged by the Environmental Protection Department, we have been advised by our external licensing consultant that it is a straight forward process and the licences would likely be granted. As at the Latest Practicable Date, all the said companies obtained the water pollution control licence for their operations. Our Group has employed the Licensing Officer to ensure all restaurants and workshop(s) have obtained the water pollution control licences. Our Group has established a compliance committee to assist in overseeing compliance with the laws and regulations relevant to the operations as well as adequacy and effectiveness of regulatory compliance procedures and system. See the paragraph headed "Risk Management and Internal Control Systems" of this section for details of our compliance committee.

View of our Directors and the Sole Sponsor

Our Directors consider that the abovementioned non-compliance incidents would not affect the suitability of our executive Directors under Rules 3.08 and 3.09 of the Listing Rules or the suitability of listing of our Company under Rule 8.04 of the Listing Rules having taken into account that (i) our Group has fully rectified or has taken steps to rectify all of the non-compliance incidents, where appropriate; (ii) our Group has implemented (or will implement where applicable) the measures described above to avoid recurrence of the non-compliance incidents; (iii) our independent internal control consultant has reviewed the internal control measures in relation to the abovementioned non-compliance incidents, and is of the view that the controls over the non-compliance incidents are in place; (iv) the non-compliance incidents did not involve any dishonesty or fraudulent act on the part of our executive Directors; and (v) our executive Directors' procuring of the rectification works and measures to prevent recurrence of the non-compliance incidents demonstrates that their integrity is not at risk. In view of the above, our Directors believe, and the Sole Sponsor concurs that, the internal control measures are sufficient and could effectively ensure a proper internal control system of our Group and prevent the recurrence of such non-compliance incidents.

Indemnity by our Controlling Shareholders to our Group in respect of the non-compliance incidents

Our Controlling Shareholders have entered into the Deed of Indemnity and undertaken to indemnify our Group against any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by our Group arising from any violation or non-compliance with the laws, rules or regulations applicable to us prior to the Listing Date. For details of the Deed of Indemnity, please refer to "E. Other information — 1. Estate duty, tax, and other indemnity" in Appendix IV to this prospectus.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

We have established and implemented the following internal control and corporate governance measures:

- our audit committee, which consists of three independent non-executive Directors, Mr. Yu Hin Yin, Mr. Ng Chi Keung and Mr. Chan Oi Fat will assist our Board by providing an independent view of the effectiveness of our financial reporting process, internal control and risk management system, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board. See "Directors and senior management" for their biographies;

- Our Group has established a compliance committee with written terms of reference. The compliance committee comprises three members, namely, Mr. Lam, Mr. TF Lo and Ms. Tse Ka Wing. Mr. Lam is the chairman of the compliance committee. The primary duties of the compliance committee are to assist the Board in overseeing our compliance with laws and regulations relevant to our business operations and to review the effectiveness of our regulatory compliance procedures and system;

- we have appointed Alliance Capital Partners Limited as our compliance adviser with effect from the date of Listing to advise us on ongoing compliance with the Listing Rules issues and other applicable securities laws and regulations in Hong Kong;

- our Directors and senior management have received trainings from our legal advisers as to Hong Kong laws on the continuing obligations of a listed company in Hong Kong and on directors' responsibilities and liabilities, and will obtain relevant training or updates and attend regular seminars after the Listing; and

- we would engage external legal counsel to advise us on particular issues as necessary from time to time.

CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme), 55.5% of the issued share capital of our Company will be owned by Satisfied Bliss, a BVI company which is wholly-owned by Mr. Lam. Satisfied Bliss will be entitled to control 30% or more of the issued share capital of our Company. In view of the above, each of Satisfied Bliss and Mr. Lam will be regarded as our Controlling Shareholder and they will comprise a group of Controlling Shareholders upon Listing.

Please refer to "History, Reorganisation and Group Structure" of this prospectus in respect of Satisfied Bliss and Mr. Lam, respectively.

Save as mentioned above, there is no other person who will, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares in issue.

Competing Business

None of our Controlling Shareholders, nor any Directors or their respective close associates has any interest in any business, apart from the business operated by members of our Group, that competes, directly or indirectly, with our Group or requires disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our Group is capable of operating independently of our Controlling Shareholders and their respective close associates after the Listing on the basis of the following information:

Management independence

Although our Controlling Shareholders will retain controlling interests in our Company upon completion of the Share Offer and Capitalisation Issue, the day-to-day management and operation of the business of our Group will be the responsibility of all of our executive Directors and senior management personnel of our Company. The Board has five Directors comprising two executive Directors and three independent non-executive Directors. Save for Mr. Lam, who is our co-founder, chairman of the Board, the chief executive officer and an executive Director, none of the other Directors nor other members of our senior management is a Controlling Shareholder. Our Board and senior management operate as a matter of fact independently of our Controlling Shareholders and they are in a position to fully discharge their duties to the Shareholders as a whole after the Listing without reliance on our Controlling Shareholders.

We consider that the Board and senior management will function independently of our Controlling Shareholders because:

(a) each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interests;

(b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum of the relevant meetings of the Board;

(c) all our independent non-executive Directors, namely Mr. Yu Hin Yin (余軒然), Mr. Ng Chi Keung (吳志強) and Mr. Chan Oi Fat (陳愛發), are sufficiently experienced and capable of monitoring the operations of our Group independently of our Controlling Shareholders; and

(d) our Company has an independent senior management team to carry out the business decisions of our Group.

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 our Company is capable of managing our Group's business independently of the Controlling Shareholders.

Operational independence

Our Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities for daily operations of our Group. Our Group has not shared any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and their associates. Our Group has also established a set of internal controls to facilitate the effective operation of our business.

During the Track Record Period, our Group has entered into certain related party transactions with the Controlling Shareholders and their close associates, the details of which are set out in Note 18 of the Accountant's Report in Appendix I to this prospectus.

Pursuant to a tenancy agreement dated 1 April 2018 ("**Workshop Tenancy Agreement**") entered into between Global Prosperity, a Management Company (as tenant) and Golden Victory International Development Limited ("**Golden Victory**"), a connected person of our Company (as landlord), the property situated at Flat 9, Block B, 7/F, Merit Industrial Centre, 94 To Kwa Wan Road, To Kwa Wan, Kowloon, Hong Kong, with a gross floor area of approximately 5,358 sq. ft. was leased by our Group for use as workshop 1 for a term of three years commencing on 1 May 2018 at a monthly rental of HK$60,000. The rent under the Workshop Tenancy Agreement was determined after arm's length negotiations between the parties thereto with reference to the market rent payable for the comparable premises and was in line with the market level.

Save as disclosed above and in "Connected Transactions" and "Business" in this prospectus, our suppliers and customers are all independent of our Controlling Shareholders. We do not rely on our Controlling Shareholders or their associates and we have an independent management team to handle our day-to-day operations.

Upon Listing, our Group will comply with the relevant requirement under Chapter 14A of the Listing Rules when conducting the related party transaction which constituted a connected transaction in the future.

Financial independence

During the Track Record Period, our Group had obtained borrowings secured by personal guarantees of Mr. Lam. All the personal guarantees given by Mr. Lam will be released or replaced by corporate guarantees from our Group upon the Listing.

Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates. In addition, Our Group has our own financial management system, internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payments and independent access to third-party financing.

In view of our Group's internal resources and the estimated net proceeds from the Share Offer, our Directors believe that our Group has sufficient capital for its financial needs without dependence on our Controlling Shareholders. Our Directors also believe that, upon the Listing, our Group is capable of obtaining financing from external sources independently without reliance on our Controlling Shareholders.

OTHER BUSINESSES OF OUR CONTROLLING SHAREHOLDERS

Apart from our Group, as at the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates was conducting any businesses or holding controlling interest directly or indirectly in companies which are engaged in businesses in competition or is likely to be in competition with the businesses of our Group directly or indirectly, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

In order to strengthen the corporate governance and avoid potential conflict of interests between our Group and the our Controlling Shareholders, we will adopt the following measures upon the Listing:

(1) the Board will ensure reporting any event relating to potential conflict of interests to our independent non-executive Directors as soon as practicable when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations;

(2) following the reporting of any event relating to potential conflict of interests, the Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the Listing Rules in order to monitor any irregular business activities and alert the Board, including our independent non-executive Directors, to take any precautious actions;

(3) in the event that there is any potential conflict of interest 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/its interests and, where required, abstain from voting in the relevant board meeting and/or general meeting on the transaction and not count as quorum where required;

(4) our independent non-executive Directors may appoint independent financial advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the non-competition undertaking or connected transaction(s) at the cost of our Company; and

(5) our Company has appointed Alliance Capital as the compliance adviser which shall provide our Company with professional advice and guidance in respect of compliance with the Listing Rules and applicable laws.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective close associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among the shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interests of the Shareholders will be protected.

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertaking by our Company

We have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertaking by our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that except pursuant to the Share Offer, he/it will not and will procure that the relevant registered holder(s) will not:

(a) in the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner (whether direct or indirect); and

(b) in the period of six months commencing on the date on which the period referred to in the paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in the paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a group of controlling shareholders (as defined in the Listing Rules) of our Company. Under the abovementioned arrangement, each of Satisfied Bliss and Mr. Lam shall not cease to be a group of controlling shareholders (as defined in the Listing Rules) of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/it will:

(a) when he/it pledges or charges any Shares or other securities of our Company beneficially owned by him/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such Shares or other securities of our Company so pledged or charged; and

(b) when he/it receives any indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities will be disposed of, immediately inform us of any such indications.

We have agreed and undertaken to the Stock Exchange that, we shall inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with the Listing Rules as soon as possible.

NON-DISPOSAL UNDERTAKINGS GIVEN TO THE SOLE SPONSOR AND OTHERS

In addition to the undertaking pursuant to Rule 10.07(3) of the Listing Rules, each of our Controlling Shareholders jointly undertakes and each of the Minority Shareholders undertakes severally but not jointly to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters on a voluntary basis that it/he/she will not at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on and including, the date that is 18 months after the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any option, rights, interest or encumbrances in respect of, any of the securities of our Company in respect of which it/he/she is shown by this prospectus to be the beneficial owners.

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, our Directors, chief executive and substantial shareholders or those of our subsidiaries, any person who was our Director or a director of any of our subsidiaries within 12 months preceding the Listing Date and any associates of the aforesaid persons will become a connected person of our Company upon the Listing. Upon the Listing, our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

Golden Victory

Golden Victory was incorporated on 22 December 2009 in Hong Kong with limited liability. As at the Latest Practicable Date, the shareholding of Golden Victory is as follows:

Name of the shareholder	Number of shares held	Approximate percentage of shareholding (%)
* Mr. Lam	63,250	38.4
Mr. KK Ho	63,250	38.4
△ Mr. Wong Chi Fung	5,000	3.0
△ Mr. Chau Ka Yeung	3,000	1.8
* Mr. Hsu Chi Yung	2,000	1.2
△ Mr. OY Lam	3,000	1.8
△ Mr. Wong Ting Chung	10,000	6.1
△ Mr. Lo Tak Cheung	1,000	0.6
* Mr. TF Lo	1,000	0.6
△ Mr. Ngan Hon Wing	5,000	3.0
△ Mr. Sun Baihui	3,000	1.8
△ Mr. Tse Wing Hong	1,500	0.9
△ Mr. Wong Wing Sing	2,000	1.2
△ Ms. Chio Chon Iok	2,000	1.2
Total	**165,000**	**100**

Notes:

(1) The person marked with "*" is a Director or member of senior management of our Group.

(2) The person marked with "△" is a Minority Shareholder.

As such, Golden Victory (being an associate of Mr. Lam) is regarded as a connected person of our Group under the Listing Rules upon Listing.

FULLY EXEMPT CONNECTED TRANSACTION

Global Prosperity entered into the Workshop Tenancy Agreement with Golden Victory on 1 April 2018, pursuant to which Global Prosperity (as tenant) agreed to lease the property situated at Flat 9, Block B, 7/F, Merit Industrial Centre, 94 To Kwa Wan Road, To Kwa Wan, Kowloon, Hong Kong, from Golden Victory (as landlord) for use as workshop 1.

Workshop Tenancy Agreement

Our Directors confirm that the Workshop Tenancy Agreement, which will continue after the Listing to avoid undue business disruption, constitutes connected transaction for our Group which is fully exempted from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the terms of the Workshop Tenancy Agreement are as follows:

Principal terms

Date of agreement	:	1 April 2018
Landlord	:	Golden Victory
Tenant	:	Global Prosperity
Premises	:	Flat 9, Block B, 7/F, Merit Industrial Centre, 94 To Kwa Wan Road, To Kwa Wan, Kowloon, Hong Kong
Approximate gross floor area (sq. ft.)	:	5,358
Term of lease	:	A fixed term of 3 years commencing on 1 May 2018 and ending on 30 April 2021
Monthly rent	:	HK$60,000 (exclusive of government rates, utilities charges, all other outgoings of an annual or recurring nature and meter rents and all necessary deposits for such supply)
Use	:	Workshop 1

Rental and basis of determination

The monthly rent under the Workshop Tenancy Agreement was determined on an arm's length basis with reference to the prevailing market rent for similar premises in the vicinity at the time and the market level. We have engaged an independent valuer, Royson Valuation Advisory Limited, which is of the opinion that the rent payable under the Workshop Tenancy Agreement is consistent with the prevailing market rates of similar properties in the vicinity at the time and is therefore fair and reasonable.

Previous transactions and historical rental

The provisions of the Workshop Tenancy Agreement are substantially the same as the tenancy agreement in respect of the previous term. For FY2017, FY2018, FY2019 and the four months ended 31 July 2019, the historical rental expenses paid by our Group to Golden Victory in respect of workshop 1 were HK$0.72 million, HK$0.72 million, HK$0.72 million and HK$0.24 million, respectively.

Implications under the Listing Rules

The transaction contemplated under the Workshop Tenancy Agreement constitutes a connected transaction of our Company and will continue after the Listing. Pursuant to HKFRS 16, the entering into of the Workshop Tenancy Agreement as a lessee will require our Group to recognise the premises under the Workshop Tenancy Agreement as the right-of-use asset in the value of approximately HK$2,048,000, thus the entering into the Workshop Tenancy Agreement and the transaction contemplated thereunder will be regarded as deemed acquisition of asset by our Group. As each of the relevant applicable percentage ratios is less than 5% and the total consideration is less than HK$3,000,000, the transaction contemplated thereunder is fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Rule 14A.76(1)(c) of the Listing Rules.

RELATED PARTY TRANSACTIONS

Save for the connected transaction disclosed above, we had also entered into certain related party transactions during the Track Record Period, details of which are set forth in the Accountant's Report in Appendix I to this prospectus.

CONFIRMATION FROM OUR DIRECTORS

Our Directors are of the view that the entering of the Workshop Tenancy Agreement is (i) in the ordinary and usual course of the business of our Group and on normal commercial terms; (ii) in the interests of our Company and our Shareholders as a whole; (iii) taking into consideration of the view from Royson Valuation Advisory Limited, our independent valuer, that the terms of the Workshop Tenancy Agreement are fair and reasonable and the rental payment thereunder reflects the prevailing market rate as at the commencement date of the Workshop Tenancy Agreement; and (iv) it is in the interests of our Group to continue the connected transaction under the Workshop Tenancy Agreement after the Listing to avoid undue business disruption.

BOARD OF DIRECTORS

Our Board consists of five Directors, including two executive Directors and three independent non-executive Directors. The following table sets forth the information concerning our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Main roles and responsibilities	Relationship with other Directors, and members of our senior management (other than that through or relating to our Group)[(Note)]
Executive Directors						
Mr. Lam On Yin (林安然)	44	Chairman of the Board, chief executive officer, executive Director and chairman of remuneration committee and nomination committee	February 2010	25 February 2019	Overall strategic planning and daily management of our Group's business development and operations	N/A
Mr. Lo Tang Fei (盧騰飛)	32	Executive Director and executive chef (business development)	June 2014	25 February 2019	Overseeing daily management of our Group's business development and operations	N/A
Independent non-executive Directors						
Mr. Yu Hin Yin (余軒然)	41	Independent non-executive Director, and member of audit committee, remuneration committee and nomination committee	December 2019	December 2019	Supervising and providing independent judgment to our Board, our audit committee, nomination committee and remuneration committee	N/A
Mr. Ng Chi Keung (吳志強)	71	Independent non-executive Director, and member of audit committee	December 2019	December 2019	Supervising and providing independent judgment to our Board and our audit committee	N/A
Mr. Chan Oi Fat (陳愛發)	41	Independent non-executive Director, chairman of audit committee, and member of remuneration committee and nomination committee	December 2019	December 2019	Supervising and providing independent judgment to our Board, our audit committee, nomination committee and remuneration committee	N/A

Note: This refers to spouse; any person cohabiting with a Director or member of senior management as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

Executive Directors

Mr. Lam On Yin (林安然), aged 44, was appointed as our Director on 25 February 2019 and re-designated as our executive Director, and appointed as our chairman of the Board and chief executive officer on 30 May 2019. Mr. Lam is the chairman of the remuneration committee and nomination committee of the Board. Being the co-founder of our Group, Mr. Lam is responsible for providing overall strategic planning and daily management of our Group's business development and operations which includes without limitation, sourcing and procurement, personnel management, design of menu and marketing. Mr. Lam is a director of each of the members of our Group.

Mr. Lam has over 14 years of experience in the catering industry. He completed the first year of his junior high school in mainland China in 1988. In December 2004, Mr. Lam joined Izakaya Daikichi (居酒屋大吉), Tsim Sha Tsui as one of the owners. In August 2006, Mr. Lam, together with other investors, opened an "Izakaya Daikichi (居酒屋大吉)" branded Japanese restaurant in Central. Mr. Lam disposed of all his interest in the two "Izakaya Daikichi (居酒屋大吉)" branded restaurants and left them in June 2014. Apart from being one of the owners of the two "Izakaya Daikichi (居酒屋大吉)" branded restaurants, Mr. Lam was also responsible for food production, day-to-day operations, procurement and menu design of the two restaurants. In 2010, Mr. Lam, together with other investors, opened Daikiya Central, our first "Daikiya" branded restaurant in Central. This restaurant was closed in January 2015.

Our Group's corporate governance practices are based on principles and code provisions set out in the Corporate Governance Code ("**CG Code**") in Appendix 14 to Listing Rules. Under CG Code provision A.2.1, the roles of chairman of the board and chief executive should be separate and not be performed by the same individual. Mr. Lam is the chairman of the Board as well as the chief executive officer of our Group. Mr. Lam, being the co-founder of our Group, has been managing our Group's operation and business since the establishment of our Group. Our Board believes that at the current stage of development of our Group, vesting the roles of both chairman and chief executive officer in the same person provides our Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies. As such, our Directors consider that the deviation from CG Code provision A.2.1 is appropriate and reasonable. However, it is the long term objective of our Company to have these two roles performed by separate individuals when suitable candidates are identified.

Mr. Lam was a director of the following companies incorporated in Hong Kong, which were dissolved, the details of which are as follows:

Name of Company	Date of dissolution	Nature of proceedings	Nature of business prior to dissolution
Fertility Food Provision Limited 譽豐食品有限公司	8 June 2018	Deregistration *(Note 1)*	Food suppliers
Hongkong Fortech Holdings Limited 香港富達集團有限公司	19 February 2016	Deregistration *(Note 1)*	Catering
Long Profit Inc. Limited 長利興業有限公司	1 November 2013	Deregistration *(Note 2)*	Catering
Sun Rich International Development Limited 順富國際發展有限公司	2 March 2018	Deregistration *(Note 1)*	Catering

Note:

1. Under section 750 of the Companies Ordinance, an application for deregistration can only be made if: (a) all members of the company agree to such deregistration; (b) the company has not commenced operation or business, or has not been in operation or carried on business during the three months immediately before the application; (c) such company has no outstanding liabilities; (d) such company is not a party to any legal proceedings; (e) such company's assets do not consist of any immovable property situate in Hong Kong; and (f) if such company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong.

2. Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all members of such company agree to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) such company has no outstanding liabilities.

Mr. Lam confirmed that there have been no claims against him in relation to the abovementioned companies that have been deregistered, and that each of the abovementioned companies was solvent and had no outstanding liabilities before or at the time of being deregistered, and that the abovementioned companies have not been involved in any material non-compliant incidents, claims, litigation or legal proceedings.

Mr. Lam is the younger brother of Mr. OY Lam, one of the Minority Shareholders.

Mr. Lam's involvement in a civil action relating to alleged infringement of trademark in 2016

In June 2016, plaintiff Company A and 4 related companies (together, "**Plaintiffs**") commenced a court action (HCA 1658/2016) ("**Civil Action**") against Global Great China and its 5 directors (together, "**Defendants**") for passing-off and infringement of the Manya (滿屋) trademarks owned by plaintiff Company A ("**JIL Marks**"), being the first plaintiff of the Civil Action. Mr. Lam was then one of the then five directors of Global Great China and therefore named as one of the Defendants. He owned 3.9% interest in Global Great China at that time. The Plaintiffs in the Civil Action claimed that Global Great China used a Daimanya (大滿屋) sign ("**GGC Mark**") in its Japanese cuisine restaurant in Kwun Tong ("**KT Restaurant**") that allegedly passed off and infringed the JIL Marks. Global Great China was principally engaged in the operation of the KT Restaurant under the GGC Mark at that time.

According to Mr. Lam, he was one of the four joint investors in plaintiff Company B, which is the second plaintiff in the Civil Action operating the Manya business between June 2012 and June 2014 but he was a passive investor with 10.5% shareholding interest and not involved in its day-to-day management. Plaintiff Company B was principally managed by another joint investor. Due to the differences among the investors, Mr. Lam disposed of his 10.5% interest in plaintiff Company B in June 2014.

The KT Restaurant operated by Global Great China was set up by Mr. Lin Kwok Hung and Mr. Choy Po Shan ("**Mr. Choy**") in or around May 2015. Mr. Lin Kwok Hung invited, amongst all other investors, Mr. Lam to invest in Global Great China, Mr. Lam took up approximately 3.9% of the then issued share capital of Global Great China on 22 September 2015 while Mr. Lin Kwok Hung and Mr. Choy were holding 39.5% and 2.6% of Global Great China respectively, the rest of the interests of Global Great China was held by other minority investors. In appreciation of Mr. Lam's support in investing in Global Great China and given the experience of Mr. Lam in the catering service industry, Mr. Lin Kwok Hung invited Mr. Lam to be a director of Global Great China, despite his passive investments and small shareholding interests.

As confirmed by Mr. Lin Kwok Hung and Mr. Lam, Mr. Lin Kwok Hung was responsible for the day-to-day management and operation of Global Great China and Mr. Lam did not involve in the management of the KT Restaurant. Also, the GGC Mark was used when Global Great China commenced its Japanese restaurant business in or around September 2015 and the idea of deploying the GGC Mark as the business name for the restaurant business of GGC was initiated by Mr. Lin Kwok Hung and Mr. Choy.

Mr. Lin Kwok Hung also confirmed that the design of the GGC Mark and the trademark application of the GGC Mark made in October 2015 were handled by Mr. Choy without the knowledge of Mr. Lam. Neither Global Great China nor Mr. Lam engage any legal advisers to advise on the GGC Mark or make the said trademark application. While the trademark application was pending, a legal letter was issued to Global Great China demanding Global Great China to stop infringement of the JIL Marks, which was then followed by the Civil Action.

In November 2016, the Plaintiffs and the Defendants came to a settlement, which provided that on a without admission of liability basis, the Defendants agreed to pay to the Plaintiffs a settlement sum of HK$180,000 in full and final settlement of all the Plaintiffs' claims in the Civil Action and cease to use the GGC Mark in relation to any restaurant business. The settlement sum was duly paid in November 2016. Mr. Lam subsequently resigned as director of Global Great China in May 2017 and disposed of all his shares in Global Great China in September 2017.

Following the settlement with the Plaintiffs in November 2016, Global Great China ceased to use the GGC Mark for the KT Restaurant and licensed the trademark of "Daimanki 大滿喜" from King Glory International Limited with a licence fee until the KT Restaurant ceased business in October 2017. The fitting out work, decoration of the premises, furniture and equipment as well as crockery, china and glassware of the KT Restaurant were then taken over by our Group from Global Great China, we subsequently commenced our business of Daimanki KT at the same premises in November 2017.

Mr. Lam confirmed that he did not perpetrate the alleged trademark infringement or take part in the decision to use the allegedly infringing trademark. Given that Mr. Lin Kwok Hung was the single largest shareholder of Global Great China and responsible for the day-to-day management and operation, Mr. Lam respected the decision of Mr. Lin Kwok Hung and trusted that Mr. Lin Kwok Hung would take proper course in relation to the use of the GGC Mark and his intention of investment in such company was passive. He had no knowledge that deploying the GGC Mark in the restaurant business would give rise to the Civil Action alleging passing-off and trademark infringement.

Based on the above, our Directors consider that the Civil Action is immaterial to the Group's business and operation and the investments of Mr. Lam in GGC or Manya business were passive and only involved small percentage of investment shareholding and further, the Civil Action was fully settled on a no admission of liability basis in 2016 and therefore should not be viewed as casting a negative light on the honesty or integrity of Mr. Lam, or his suitability to act as a Director of our Company under Rule 3.08 and 3.09 of the Listing Rules or the suitability of the listing of our Company under Rule 8.04 of the Listing Rules.

Mr. Lo Tang Fei (盧騰飛), aged 32, was appointed as our Director on 25 February 2019 and re-designated as our executive Director on 30 May 2019. Mr. Lo is responsible for the strategic planning (including but not limited to site selection), marketing and overall management of our Group's business and operations.

Mr. Lo has around 5 years of experience in the catering industry. Mr. Lo completed his secondary education in 2006. Mr. Lo joined Daieiki MK of our Group as third chef in June 2014. He was promoted to second chef of Daieiki MK in December 2014, head chef in January 2015 and was relocated to serve as the head chef of Deluxe Daieiki KT since January 2017. Since July 2018, he has become our Group's executive chef (business development).

Independent non-executive Directors

Mr. Yu Hin Yin (余軒然), aged 41, was appointed as our independent non-executive Director on 20 December 2019. He is a member of the audit committee, remuneration committee and nomination committee of the Board. He is currently responsible for supervising and providing independent judgment to our Board, our audit committee, remuneration committee and nomination committee.

Mr. Yu has over 18 years of experience in training, financial management, information system management, compliance and enterprise risk management and portfolio management. Mr. Yu first joined BMO Financial Group, which is a Canadian financial services provider, in August 2000 and rejoined the company in August 2010 before he left with his last position as financial planner (investments & retirement planning) in June 2011. Between December 2011 and November 2012, he worked in Goldstream Capital Management Limited, which is a corporation licensed to carry on type 4 (advising on securities) and type 9 (asset management) regulated activities as defined under the SFO, with his last position as investment consultant. He was a responsible officer of The Core Securities Company Limited and was licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities between February 2013 and June 2017 and type 9 (asset management) regulated activities between June 2015 and June 2017. He was a responsible officer of First Seafront Financial Limited and was licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities between August 2017 and September 2019.

Mr. Yu obtained his Bachelor of Arts in Economics and Sociology from University of Western Ontario in June 2000 and Master of Business Administration from the University of Hong Kong in December 2009. Mr. Yu has become a Financial Management Advisor and Canadian Investment Manager in September 2001 and October 2001, respectively, both certifications were conferred by the Canadian Securities Institute.

Mr. Ng Chi Keung (吳志強), aged 71, was appointed as our independent non-executive Director on 20 December 2019. He is a member of the audit committee of the Board. He is currently responsible for supervising and providing independent judgement to our Board and our audit committee.

Mr. Ng has over 25 years of experience in finance and management. Mr. Ng joined Fairwood Holdings Limited (Stock Code: 52) ("**Fairwood**"), a Hong Kong-based investment holding company principally engaged in restaurants operation, in 1994, as a finance director. He was appointed as the company secretary and authorised representative of Fairwood in June 1994 and as an executive director in November 1995. Upon his retirement in Fairwood in January 2010, he ceased to act as the company secretary and authorised representative and was re-designated as a non-executive director of Fairwood. He was re-designated as an independent non-executive director of Fairwood in June 2017. Mr. Ng has been an independent non-executive director of Soundwill Holdings Limited (Stock Code: 878), a Hong Kong-based investment holding company principally engaged in property-related businesses, since March 2011. Save as disclosed above, Mr. Ng did not have any current or past directorship in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Ng became a certified public accountant of the Hong Kong Institute of Certified Public Accountants (formally named as the Hong Kong Society of Accountants) since May 1982, a fellow member of the Association of Certified Accountants since September 1981 and an associate member of The Institute of Chartered Accountants in England and Wales since January 2008.

Mr. Ng was a director of each of the following companies incorporated in Hong Kong, which were dissolved, the details of which are as follows:

Name of Company	Date of dissolution	Nature of proceedings *(Note)*	Nature of business prior to dissolution
Fairwood (Macau) Development Limited 大快活(澳門)發展有限公司	20 June 2008	Deregistration	Investment holding
Fairwood (Shunde) Development Limited 大快活(順德)發展有限公司	6 December 2002	Deregistration	Dormant
Fairwood (South China) Development Limited 大快活(華南)發展有限公司	6 December 2002	Deregistration	Dormant
Fairwood (Zhuhai) Development Limited 大快活(珠海)發展有限公司	14 September 2007	Deregistration	Investment holding
Fairwood Services Limited 大快活業務有限公司	26 November 2004	Deregistration	Dormant
Joymax Development Limited 彩美發展有限公司	12 August 2005	Deregistration	Dormant
Mario (Shenzhen) Development Limited 馬里奧(深圳)發展有限公司	20 June 2008	Deregistration	Dormant
Teamac Development Limited 添敏發展有限公司	6 December 2002	Deregistration	Dormant
Wide Joy Development Limited 和悅發展有限公司	17 June 2005	Deregistration	Dormant

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all members of such company agree to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) such company has no outstanding liabilities.

Mr. Ng confirmed that there have been no claims against him in relation to the abovementioned companies that have been deregistered, and that each of the abovementioned companies was solvent and had no outstanding liabilities before or at the time of being deregistered, and that the abovementioned companies have not been involved in any material non-compliant incidents, claims, litigation or legal proceedings.

Mr. Chan Oi Fat (陳愛發), aged 41, was appointed as an independent non-executive Director on 20 December 2019. He is currently the chairman of the audit committee and member of the remuneration committee and nomination committee of the Board. Mr. Chan is primarily responsible for supervising and providing independent judgment to our Board, our audit committee, nomination committee and remuneration committee.

Mr. Chan has over 18 years of extensive experience in accounting and auditing. He worked at Deloitte Touche Tohmatsu from September 2000 to January 2008, with his last position held there being audit manager. He joined Ta Yang Group Holdings Limited (Stock Code: 1991), which is an investment company principally engaged in manufacturing input device, in January 2008 as company secretary and qualified accountant and resigned as company secretary in February 2017 but remained as the group financial controller until March 2018. Since February 2018, Mr. Chan has been the company secretary of China Leon Inspection Holding Limited (Stock code: 1586), which is an investment company principally engaged in providing inspection services of coal in the PRC. In April 2018, Mr. Chan joined SML (Hong Kong) Limited, which is a garment accessories manufacturer and seller and he was promoted to the post of chief financial officer since April 2019.

Mr. Chan has been an independent non-executive director at Shanghai Prime Machinery Company Limited (Stock Code: 2345), which is an investment company principally engaged in the design, manufacture and sale of fasteners, since June 2014. Save as disclosed above, Mr. Chan has not been a director of any listed company in the three years prior to the Latest Practicable Date.

Mr. Chan graduated from the City University of Hong Kong in November 2000 with a degree of Bachelor of Business Administration (Hons) in Accountancy. He has become a member of the Hong Kong Institute of Certified Public Accountants since October 2004 and a member of the Association of Chartered Certified Accountants since December 2003. He has also become a life member of the Hong Kong Independent Non-Executive Director Association since March 2015.

Mr. Chan was a director of the following company incorporated in Hong Kong, which was dissolved, the details of which are as follows:

Name of Company	Date of dissolution	Nature of proceedings	Nature of business prior to dissolution
Diversity Partner Limited 燁協有限公司	10 July 2015	Deregistration *(Note)*	Investment holding

Note:

Under section 750 of the Companies Ordinance, an application for deregistration can only be made if: (a) all members of the company agree to such deregistration; (b) the company has not commenced operation or business, or has not been in operation or carried on business during the three months immediately before the application; (c) such company has no outstanding liabilities; (d) such company is not a party to any legal proceedings; (e) such company's assets do not consist of any immovable property situate in Hong Kong; and (f) if such company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong.

Mr. Chan confirmed that there have been no claims against him in relation to the abovementioned company that has been deregistered, and that the abovementioned company was solvent and had no outstanding liabilities before or at the time of being deregistered, and that the abovementioned company has not been involved in any material non-compliant incidents, claims, litigation or legal proceedings.

Disclosure of relationships as required under Rule 13.51(2) of the Listing Rules

Save as disclosed in this 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; (ii) had no other relationship with any Directors, senior management, Substantial Shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in other public companies the securities of which are listed on any security market in Hong Kong or overseas in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in "Substantial Shareholders" in this prospectus and "Statutory and General Information — C. Further information about our Directors and Substantial Shareholders" in Appendix IV to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed in this prospectus, none of our Directors 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. Please refer to Appendix IV to this prospectus for further information about our Directors, including details of the interest of our Directors in the Shares and underlying Shares of our Company (within the meaning of Part XV of the SFO) and particular of their service contracts and remuneration.

Except as disclosed in this prospectus, each of our Directors has confirmed that, to the best of the knowledge, information and belief of our Directors having made all reasonable enquires, there are no other matters relating to his appointment as a Director that is required to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

BOARD DIVERSITY POLICY

Our Company adopted a board diversity policy setting out the approach to achieve diversity on the Board.

The nomination committee reviews and assesses the Board composition on behalf of the Board and recommends the appointment of new Directors, taking into account a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, industry and regional experience, and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The nomination committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of the board diversity policy. The nomination committee will review the board diversity policy and assess its effectiveness, and where necessary, make any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

The Board has a balanced mix of experiences and industry background, including experiences in catering, manufacturing, accounting and auditing and financial markets. Our independent non-executive Directors have a diverse education background including economics and sociology, business administration and accountancy, as well as different industry backgrounds and professional qualifications. Taking into account our Company's business model and the backgrounds and abilities of our Directors, the composition of the Board satisfies the board diversity policy, despite the lack of gender diversity. Our Company will continue to take steps to promote gender diversity at all levels of our Group, including at the senior management levels. In particular, one of the senior management members of our Company is a female. The nomination committee of our Company is responsible for ensuring the diversity of the Board and will use its best efforts to identify and recommend suitable female candidates for the Board's consideration within three years from the Listing Date and our Company will use its best efforts to achieve not less than 10% female representation in the Board by the end of 2024, subject to our Directors (i) being satisfied with the qualification and experience of the relevant candidates after a reasonable review process based on the relevant criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of our Company and the Shareholders as a whole when making the relevant appointments. Our Company will also ensure that there is gender diversity when recruiting staff at mid to senior levels so that our Company will have a pipeline of female senior management in future.

For details of the composition of the nomination committee of the Board, please refer to the paragraph headed "Board committees — Nomination committee" in this section.

SENIOR MANAGEMENT

Name	Age	Position	Responsibility in our Group	Date of joining our Group	Date of appointment to the current position	Relationship with other Directors and members of our senior management (other than that through or relating to our Group) (Note)
Tse Ka Wing (謝嘉穎)	36	Chief financial officer and company secretary	Overall management of financial affairs, company secretarial matters and administrative affairs of our Group	March 2018	May 2019	N/A
Hsu Chi Yung (許志勇)	34	Executive chef	Overall management of food production and the day-to-day operations of the restaurants of our Group	October 2010	January 2017	N/A
Lam Ying Kit (林英傑)	30	Personnel and operations manager	Overall business management and human resources management in support of the operations of the restaurants of our Group	December 2012	July 2018	N/A

Note: This refers to spouse; any person cohabiting with a Director or member of senior management as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

Ms. Tse Ka Wing (謝嘉穎), aged 36, is our chief financial officer and company secretary. Ms. Tse is primarily responsible for managing the financial operations as well as overseeing the company secretarial and administrative affairs of our Group.

Prior to joining our Group in March 2018, Ms. Tse served as the financial controller and company secretary of Kwong Man Kee Engineering Limited and later its holding company, Kwong Man Kee Group Limited (Stock Code: 8023), which is an investment company principally engaged in providing engineering services in flooring, screeding, anti-skid surfacing and concrete repairing, from March 2016 to December 2017. Before that, she worked as the financial controller of HKUE Limited, and as the assistant accounting manager of Union Honor International Enterprise Limited. Ms. Tse has been an independent non-executive director at Accel Group Holdings Limited (Stock Code: 1283), which is an investment company principally engaged in providing electrical & mechanical engineering services, since September 2019.

Ms. Tse obtained her Bachelor of Business Administration (Hons) in Accountancy at City University of Hong Kong in November 2006. She later obtained her Master of Corporate Governance at Hong Kong Polytechnic University in September 2018. Ms. Tse has been a member of the Hong Kong Institute of Certified Public Accountants since January 2011 and a member of the Hong Kong Institute of Chartered Secretaries since November 2018.

Save as disclosed above, Ms. Tse did not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Hsu Chi Yung (許志勇), aged 34, is our executive chef responsible for the overall management of the food production and day-to-day operations of the restaurants of our Group. Mr. Hsu joined our Group as the head chef of Daikiya Central in October 2010. In March 2011, he was relocated to work as the head chef in Daikiya TST. Since January 2017, he has been promoted to the post of executive chef.

Mr. Hsu completed his secondary 3 education at Man Kiu College in Hong Kong in July 2002.

Mr. Hsu did not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Lam Ying Kit (林英傑), aged 30, is our personnel and operations manager. He is primarily responsible for the overall business management and human resources management in support of the operations of the restaurants of our Group.

Mr. Lam joined Daimanki MK in December 2012 as the shop supervisor overseeing its operation. He was relocated to Deluxe Daieiki CWB to serve as an assistant manager in September 2015. Between March 2016 and June 2018, Mr. Lam served as the manager of Kichi Jyu, Deluxe Daieiki KT and Deluxe Daieiki YL, respectively. He has become our personnel and operations manager since July 2018.

Mr. Lam obtained his Bachelor of Arts Degree in Media and Cultural Studies from Middlesex University, London, United Kingdom in March 2011. He obtained his Associate of Arts from The University of Hong Kong, School of Professional and Continuing Education in September 2009.

Mr. Lam did not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

COMPANY SECRETARY

Ms. Tse Ka Wing (謝嘉穎), aged 36, is our company secretary. Details of her qualifications and experience are set out in "Senior management" in this section.

AUTHORISED REPRESENTATIVES

Mr. Lam and Ms. Tse Ka Wing are our authorised representatives under Rule 3.05 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company will comply with the Corporate Governance Code in Appendix 14 to the Listing Rules. 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 after the Listing.

BOARD COMMITTEES

The audit committee, remuneration committee and nomination committee of our Company were approved to be established by resolutions passed by the Board on 20 December 2019. Each of the three committees has written terms of reference. The functions of the three committees are summarised as follows:

Audit Committee

Our Group established an audit committee on 20 December 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The audit committee consists of all of the independent non-executive Directors, namely, Mr. Yu Hin Yin, Mr. Ng Chi Keung and Mr. Chan Oi Fat. Mr. Chan Oi Fat is the chairman of the audit committee. The primary duties of the audit committee are (i) to make recommendations to our Board on the appointment and removal of external auditors; (ii) to review the financial statements; (iii) to review the effectiveness of our Company's internal audit activities, internal controls and risk management systems; (iv) to review and monitor the extent of any non-audit work undertaken by external auditors; and (v) to perform other duties and responsibilities as assigned by the Board.

Remuneration Committee

Our Group established a remuneration committee on 20 December 2019 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of three members, namely Mr. Lam, Mr. Chan Oi Fat and Mr. Yu Hin Yin. Mr. Lam is the chairman of the remuneration committee. The primary duties of the remuneration committee are (i) to review and make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; (ii) other remuneration-related matters, including benefits-in-kind and other compensation payable to our Directors and senior management; (iii) to review performance based remunerations and to establish a formal and transparent procedure for developing policy in relation to remuneration; and (iv) to perform other duties and responsibilities as assigned by the Board.

Nomination Committee

Our Group also established a nomination committee on 20 December 2019 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The nomination committee consists of three members, namely, Mr. Lam, Mr. Chan Oi Fat and Mr. Yu Hin Yin. Mr. Lam is the chairman of the nomination committee. The primary functions of the nomination committee are (i) to review the structure, size, composition and diversity of our Board on a regular basis; (ii) to identify individuals suitably qualified to become Board members; (iii) to assess the independence of independent non-executive Directors; (iv) to make recommendations to our Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors; (v) to make recommendations to our Board regarding candidates to fill vacancies on our Board; and (vi) to perform other duties and responsibilities as assigned by the Board.

COMPLIANCE ADVISER

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Alliance Capital 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:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including shares issues and share repurchases;

(iii) where we propose to use the proceeds from the Share Offer 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

(iv) 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

During FY2017, FY2018, FY2019 and the four months ended 31 July 2019, the aggregate amount of compensation paid (salary, allowances, benefits in kind, discretionary bonuses and defined contribution) by our Company to our five highest paid individuals were approximately HK$9.2 million, HK$32.7 million, HK$12.6 million and HK$4.2 million, respectively.

The 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.

During FY2017, FY2018, FY2019 and the four months ended 31 July 2019, the aggregate amount of compensation paid (fees, salaries, allowances, benefits in kind, discretionary bonuses and defined contribution) by our Company to our executive Directors were approximately HK$3.7 million, HK$9.8 million, HK$8.8 million and HK$3.0 million, respectively.

Our Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities, workload, the time devoted to our Group, individual performance and the performance of our Group. Details of the terms of the service contracts are set out in "Statutory and General Information — C. Further information about our Directors and Substantial Shareholders" in Appendix IV to this prospectus.

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors or the five highest 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 any office in connection with the management of the affairs of any member 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 approximately HK$9.2 million for FY2020.

None of our Directors waived or agreed to waive any emoluments 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 on 20 December 2019 under which certain selected classes of participants (including, among others, full-time employees and Directors) may be granted options to subscribe for our Shares. The principal terms of the Share Option Scheme are summarised in "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme), the following persons and entities individually and/or collectively will have an interest and/or a short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company pursuant to 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 any member of our Group:

Interests and long position in the Shares

		Immediately prior to the Share Offer and the Capitalisation Issue		Immediately after completion of the Share Offer and the Capitalisation Issue	
Name of Shareholder	Capacity/ Nature of interest	Number of Shares held	Percentage of shareholding	Number of Shares held	Percentage of shareholding
Satisfied Bliss	Beneficial Owner *(Note 1)*	7,402	74%	222,082,245	55.5%
Mr. Lam	Interest in a controlled corporation	7,402	74%	222,082,245	55.5%
Ms. Wang Ying	Interest of a spouse *(Note 2)*	7,402	74%	222,082,245	55.5%

Note 1: Satisfied Bliss is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Lam.

Note 2: Ms. Wang Ying (王穎) is the spouse of Mr. Lam, and is deemed to be interested in the same number of Shares in which Mr. Lam is interested by virtue of the SFO.

Save as disclosed above, our Directors are not aware of any other person who will, immediately following the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme), have a beneficial interest or short position in the shares or underlying shares of our Company and its associated corporations which would be required to be disclosed to our Company 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 any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

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 prior to and immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme):

		HK$
Authorised share capital:		
2,000,000,000	Shares	20,000,000
Issued and to be issued, fully paid or credited as fully paid:		
10,000	Shares in issue as at the date of this prospectus	100
299,990,000	Shares to be issued upon completion of the Capitalisation Issue	2,999,900
90,000,000	New Shares to be allotted and issued pursuant to the International Placing	900,000
10,000,000	New Shares to be allotted and issued pursuant to the Hong Kong Public Offer	100,000
400,000,000	Shares in total	4,000,000

Note: If the Over-allotment Option is exercised in full, then 15,000,000 additional new Shares will be issued, resulting in a total enlarged issued share capital of HK$4,150,000 divided into 415,000,000 Shares.

ASSUMPTIONS

The table as shown above assumes the Share Offer becoming unconditional and the allotment and issue of Shares pursuant thereto and under the Capitalisation Issue is made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate given to our Directors to allot and issue or repurchase Shares referred to in the paragraphs headed "General mandate to issue Shares" or "General mandate to repurchase Shares" in this section, as the case may be.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the total issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

RANKING

The Offer Shares will be ordinary shares of our Company and will rank *pari passu* in all respects with all the Shares in issue or to be issued as mentioned in this prospectus and will qualify for all dividends and other distributions declared, paid or made on the Shares in respect of a record date which falls after the Listing Date (except for the entitlement under the Capitalisation Issue).

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in "Structure of the Share Offer — Conditions of the Share Offer" of this prospectus being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the total number of Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

(a) 20% of the total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme); and

(b) the total number of Shares repurchased pursuant to the authority granted to our Directors as referred to in "General mandate to repurchase Shares" in this section.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until:

(a) the conclusion of our Company's next annual general meeting;

(b) the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or

(c) the time when such mandate is revoked, varied or renewed by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to "Statutory and General Information — A. Further information about our Company — 3. Written resolutions of the shareholders passed on 20 December 2019" in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions set forth in "Structure of the Share Offer — Conditions of the Share Offer" of this prospectus being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to purchase 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 total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme).

For further details of this general mandate, please refer to "Statutory and General Information — A. Further information about our Company — 7. Repurchase by our Company of its own securities" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING OF OUR COMPANY ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meeting. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in Appendix III to this prospectus.

You should read this section in conjunction with our combined financial information as at and for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, including the notes thereto, as set out in "Appendix I — Accountant's Report" to this prospectus and not rely merely on the information contained in this section. The combined financial information has been prepared in accordance with HKFRSs.

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 projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in "Risk Factors".

OVERVIEW

We are a Hong Kong based Japanese cuisine restaurant group focusing on Japanese all-you-can-eat (日式放題料理) cuisine and have cultivated a diverse local customer base in Hong Kong. We have adopted a multi-brand strategy with a view to offer mass market customers with different dining experiences with a focus on our flagship brand of Daikiya (大喜屋). Over the years, we have developed other brands such as Daieiki (大瀛喜), Daimanki (大滿喜), Kichi Jyu (吉壽) and Rock Salt (岩鹽) with different market focuses including family groups, the younger generation and white collar in Hong Kong. As at the Latest Practicable Date, we have operated a total of 15 restaurants, of which 13 restaurants serve Japanese all-you-can-eat cuisine and two restaurants serve Japanese a-la-carte cuisine. During the Track Record Period and up to the Latest Practicable Date, we opened eight new restaurants including six Japanese all-you-can-eat cuisine restaurants and two Japanese a-la-carte cuisine restaurants which expanded our geographic footprint in Hong Kong and diversified the type of cuisine offerings, and we closed down one all-you-can-eat restaurant in March 2019 due to the expiry of tenancy. We have also operated two workshops in Hong Kong to support our restaurant operations in food-preprocessing and storage functions. In March 2019, we closed down one all-you-can-eat restaurant (Daikiya CWB) located in The Goldmark, Causeway Bay because of the expiry of the tenancy. In June and December 2019, we opened two new restaurants, Daikiya ST and Rock Salt MK, respectively.

According to the CIC Report, we ranked first in the Japanese all-you-can-eat cuisine restaurant market in Hong Kong in terms of revenue in 2018 with a market share of approximately 37.1%.

Our revenue increased by 28.5% from HK$555.2 million for FY2017 to HK$713.2 million for FY2018. Such increase was mainly attributable to the increase in revenue of HK$89.9 million contributed by four new restaurants which commenced operations during FY2018 and from full year revenue contribution of Deluxe Daieiki KT FY2018 as opposed to the four-month operation for FY2017. Our profit for the year decreased by 20.8% from HK$47.1 million for FY2017 to HK$37.3 million for FY2018. Such decrease was mainly the result of the increase in share-based payment expenses from approximately HK$4.9 million for FY2017 to HK$35.9 million for FY2018. See note 25 "Share based compensation" set out in Accountant's Report in Appendix I to this prospectus for details.

Our revenue increased by 17.6% from HK$713.2 million for FY2018 to HK$839.0 million for FY2019. The increase was mainly due to the impact of full year operations of four restaurants (including Deluxe Daikiya CWB, Daimanki KT, Deluxe Daieiki YL and Rock Salt CWB) opened during FY2018 and their organic growth during the year, resulting in an increase of HK$125.8 million in revenue. Our profit for the year increased by 147.2% from HK$37.3 million for FY2018 to HK$92.2 million for FY2019. Such increase was mainly a result of (i) an increase in the overall Group revenue; and (ii) no further share-based payment expenses incurred in FY2019 as compared to FY2018.

Our revenue decreased by 8.8% from HK$288.9 million for the four months ended 31 July 2018 to HK$263.4 million for the four months ended 31 July 2019. Such decreases were mainly attributable to the general net decrease in revenue by HK$30.3 million of existing restaurants resulting from the decrease in number of customer visits as influenced by the social unrest since June 2019 and decrease in revenue by approximately HK$9.9 million due to the closure of Daikiya CWB in March 2019 and partly offset by the net increase in revenue generated from the grand opening of Daikiya ST since June 2019. Our profit for the period decreased by 66.1% from HK$37.5 million for the four months ended 31 July 2018 to HK$12.7 million for the four months ended 31 July 2019. Such decrease was mainly a result of (i) a decrease in the overall Group revenue; (ii) increases in employee benefits expenses and other operating expenses due to preparation of Listing and upfront costs incurred for grand opening of Daikiya ST; and (iii) more listing expenses recognised for the four months ended 31 July 2019 as compared to the four months ended 31 July 2018.

BASIS OF PREPARATION AND PRESENTATION

Mr. Lam and Mr. KK Ho are the co-founders of our Group. Mr. KK Ho had acted in accordance with the instruction of Mr. Lam in respect of relevant activities, including major operating and finance activities on the companies now comprising our Group since their incorporation until Mr. KK Ho's departure from our Group. A letter dated 28 March 2018 was entered into between Mr. KK Ho and Mr. Lam to confirm this arrangement in respect of our Group. Therefore, Mr. Lam is regarded as the Controlling Shareholder throughout the Track Record Period.

Immediately prior to and after the Reorganisation, Mr. Lam, as the Controlling Shareholder of the Hong Kong based Japanese cuisine restaurant group (the "**Listing Business**"), directed the economic activities of the Listing Business as a single business through the Operating Companies. Pursuant to the Reorganisation, the companies now comprising our Group, which operate the Listing Business, were transferred to and held by our Company. Our Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a recapitalisation of the Listing Business with no change in management of such business and the controlling shareholder of the Listing Business remains the same. Accordingly, our Group after the Reorganisation is regarded as a continuation of the Listing Business.

The combined financial statements of our Group for the Track Record Period has been prepared in accordance with all applicable HKFRSs issued by the Hong Kong Institute of Certified Public Accountants 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. Our Group has early adopted HKFRS 16, "Leases" which is mandatorily effective for annual period beginning on or after 1 January 2019. HKFRS 16 will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under this standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. Our Group has elected to early apply HKFRS 16 which has been applied consistently throughout the Track Record Period. For details of basis of presentation and preparation, see notes 1.3 and 2.1 of the Accountant's Report in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

Our operations and financial conditions have been and will continue to be affected by a number of factors, many of which are beyond our control, including those set out in "Risk Factors" in this prospectus and the factors discussed below.

Number of restaurants in operation

We generate substantially all of our revenue from restaurant operations, which is affected by the number of our restaurants in operation in each of the financial years/ periods. Our revenue primarily depend on the opening and closing of our restaurants.

The following table sets forth the components of our revenue for the periods indicated.

	FY2017			**FY2018**			**FY2019**			**For the four months ended 31 July 2018**			**For the four months ended 31 July 2019**		
	Number of restaurants	*HK$'000*	*% of revenue*	*Number of restaurants*	*HK$'000*	*% of revenue*	*Number of restaurants*	*HK$'000*	*% of revenue*	*Number of restaurants*	*HK$'000 (unaudited)*	*% of revenue*	*Number of restaurants*	*HK$'000*	*% of revenue*
All-you-can-eat	10	555,160	100.0	13	696,516	97.7	12	811,732	96.7	13	280,222	97.0	13	254,091	96.5
A-la-carte	—	—	—	1	16,668	2.3	1	27,289	3.3	1	8,631	3.0	1	9,332	3.5
Total revenue	10	555,160	100.0	14	713,184	100.0	13	839,021	100.0	14	288,853	100.0	14	263,423	100.0

The following table sets forth information on revenue and number of our restaurants in operation, as well as restaurants opened and closed during the Track Record Period:

	Restaurants in operation throughout the period	Restaurants opened during the period	Restaurants closed during the period	Total
FY2017				
Revenue *(HK$'000)*	487,271	67,889	—	555,160
Percentage of revenue	87.8%	12.2%	—	100.0%
Number of restaurants	8	2*(Note 1)*	—	10
FY2018				
Revenue *(HK$'000)*	623,282	89,902	—	713,184
Percentage of revenue	87.4%	12.6%	—	100.0%
Number of restaurants	10	4*(Note 2)*	—	14
FY2019				
Revenue *(HK$'000)*	812,228	—	26,793	839,021
Percentage of revenue	96.8%	—	3.2%	100.0%
Number of restaurants	13	—*(Note 3)*	1*(Note 4)*	14
For the four months ended 31 July 2018				
Revenue *(HK$'000)* *(unaudited)*	288,853	—	—	288,853
Percentage of revenue	100.0%	—	—	100.0%
Number of restaurants	14	—	—	14
For the four months ended 31 July 2019				
Revenue *(HK$'000)*	248,600	14,823	—	263,423
Percentage of revenue	94.4%	5.6%	—	100.0%
Number of restaurants	13	1*(Note 5)*	—	14

Notes:

1. This includes Kichi Jyu and Deluxe Daieiki KT which commenced operation during FY2017.

2. This includes Deluxe Daikiya CWB, Daimanki KT, Deluxe Daieiki YL and Rock Salt CWB which commenced operation during FY2018.

3. We have been planning to open our new restaurant in FY2019. We were in search of a suitable location and signed a principal offer to lease with the landlord of our new Daikiya ST on 9 November 2018. On 27 March 2019, the landlord handed over the Daikiya ST premises to us to carry out fitting-out works. We opened our new Daikiya ST restaurant located in Shatin Plaza, Shatin on 6 June 2019.

4. In March 2019, we closed down one all-you-can-eat restaurant (Daikiya CWB) located in The Goldmark, Causeway Bay because of the expiry of the tenancy.

5. This represents Daikiya ST which commenced operation during the four months ended 31 July 2019.

Our new restaurants generally require a period of time to reach expected operating levels due to start-up adjustments typically associated with new restaurants. As at the Latest Practicable Date, the typical range of the breakeven period of our restaurants (being the time period required for a restaurant to achieve a breakeven point, i.e. the monthly income of the restaurant at least equals to the monthly operating expenses of that restaurant) generally ranged from one to three months. The investment payback period means the time it takes for the accumulated operating cash flow generated from a restaurant equates the initial fixed assets costs of opening that restaurant which is calculated based on the unaudited financial information of the restaurant since the commencement of its business and up to 31 July 2019. Depending on the size, location, brand, cuisine, operating performance and initial investment costs for a particular restaurant, the typical range of the investment payback period of our restaurants ranged from three to 20 months. For details, see "Business — Our brand and restaurant portfolio" in this prospectus.

The following table below sets forth information on revenue and number of our restaurants that were in full year/period operation throughout the periods indicated:

	FY2017	FY2018	FY2019	For the four months ended 31 July 2018	For the four months ended 31 July 2019	*FY2017 vs FY2018*	*FY2018 vs FY2019*	*Four months ended 31 July 2018 vs Four months ended 31 July 2019*
				(unaudited)				
Number of restaurants								
All-you-can-eat restaurants	8	10	12	13	12	+25%	+20%	–7.7%
A-la-carte restaurant	—	—	1	1	1	N/A	+100%	—
Total	8	10	13	14	13	+25%	+30%	–7.1%
Revenue								
(HK$'000)								
All-you-can-eat restaurants	487,271	623,282	784,939	280,222	239,268			
A-la-carte restaurant	—	—	27,289	8,631	9,332			
Total	487,271	623,282	812,228	288,853	248,600			

Same store growth analysis of comparable restaurants

We define our comparable restaurants based on the restaurants that were fully operational throughout the years/periods under comparison, which excludes contributions and impacts from (i) the opening and closing of restaurants which were not operating throughout the full periods under comparison, and (ii) restaurants that had temporarily ceased operations for over a month due to renovations.

The following tables below set forth below the revenue, number of customer visits, seat turnover rate and average spending per customer of our comparable restaurants during the Track Record Period.

	FY2017 & FY2018	FY2018 & FY2019	Four months ended 31 July 2018 & Four months ended 31 July 2019
Number of comparable restaurants			
All-you-can-eat restaurants (Note 1)	8	9	12
A-la-carte restaurant	—	—	1
	8	9	13

Comparable restaurants revenue	**FY2017** *HK$'000*	**FY2018** *HK$'000*	**Same store growth rate of comparable restaurants (FY2017 vs FY2018)**	**FY2018** *HK$'000*	**FY2019** *HK$'000*	**Same store growth rate of comparable restaurants (FY2018 vs FY2019)**	**For the four months ended 31 July 2018** *HK$'000* *(unaudited)*	**For the four months ended 31 July 2019** *HK$'000*	**Same store growth rate of comparable restaurants (Four months ended 31 July 2018 vs Four months ended 31 July 2019)**
All-you-can-eat restaurants	487,271	482,457	–1.0%	591,957	599,527	+1.3%	270,303	239,268	–11.5%
A-la-carte restaurant (Note 2)	—	—	N/A	—	—	N/A	8,631	9,332	+8.1%
Total	487,271	482,457	–1.0%	591,957	599,527	+1.3%	278,934	248,600	–10.9%
Customer visit of comparable restaurants									
All-you-can-eat restaurants	1,911,947	1,889,625	–1.2%	2,379,993	2,441,181	+2.6%	1,114,575	1,002,091	–10.1%
A-la-carte restaurant (Note 2)	—	—	N/A	—	—	N/A	42,530	43,822	+3.0%
Total	1,911,947	1,889,625	–1.2%	2,379,993	2,441,181	+2.6%	1,157,105	1,045,913	–9.6%

Average seat turnover rate of comparable restaurants	**FY2017** *(times)*	**FY2018** *(times)*		**FY2018** *(times)*	**FY2019** *(times)*		**For the four months ended 31 July 2018** *(times)*	**For the four months ended 31 July 2019** *(times)*	
All-you-can-eat restaurants	2.5	2.4		2.5	2.6		2.7	2.4	
A-la-carte restaurant (Note 2)	—	—		—	—		1.9	2.0	
Overall average seat turnover rate	2.5	2.4		2.5	2.6		2.6	2.3	

Average spending per customer of comparable restaurants	**FY2017** *HK$*	**FY2018** *HK$*		**FY2018** *HK$*	**FY2019** *HK$*		**For the four months ended 31 July 2018** *HK$*	**For the four months ended 31 July 2019** *HK$*	
All-you-can-eat restaurants	254.9	255.3	+0.2%	248.7	245.6	–1.2%	242.5	238.8	–1.5%
A-la-carte restaurant (Note 2)	—	—		—	—		202.9	213.0	+4.9%
Overall average spending per customer	254.9	255.3	+0.2%	248.7	245.6	–1.2%	241.1	237.7	–1.4%

Notes:

1. Comparable restaurants for FY2017 and FY2018 include Daikiya TST, Daikiya CWB, Deluxe Daikiya TST, Joy Daikiya, Tono Daikiya, Daimanki MK, Daieiki MK and Deluxe Daieiki CWB. Comparable restaurants for FY2018 and FY2019 include (i) the above eight comparable restaurants for FY2017 and FY2018 except Daikiya CWB; (ii) Kichi Jyu; and (iii) Deluxe Daieiki KT. Comparable restaurants for the four months ended 31 July 2018 and the four months ended 31 July 2019 include (i) the above nine comparable restaurants for FY2018 and FY2019; (ii) Deluxe Daikiya CWB; (iii) Daimanki KT; and (iv) Deluxe Daieiki YL.

2. A-la-carte restaurant, Rock Salt CWB was not a comparable restaurant for FY2017, FY2018 and FY2019, and therefore the same store growth analysis is not applicable.

As compared to FY2017, our Group recorded a slight decrease of approximately 1.0% in same store growth of revenue during FY2018. Such decrease was mainly attributable to the slight decrease of approximately 1.2% in customer visits of comparable restaurants. Our overall seat turnover rate slightly decreased from 2.5 times to 2.4 times, which was mainly attributable to a slight decrease in seat turnover rates in certain shops, including Deluxe Daikiya TST (from 2.3 times to 2.1 times), Joy Daikiya (from 2.5 times to 2.3 times) and Daimanki MK (from 2.2 times to 1.9 times).

The average spending per customer in comparable restaurants in both years were at similar level, which is approximately HK$254.9 in FY2017 and HK$255.3 in FY2018.

As compared to FY2018, two more comparables restaurants (i.e. Kichi Jyu and Deluxe Daieiki KT) were included for FY2019 while Daikiya CWB was excluded due to its closure in March 2019. Our Group recorded a moderate increase of approximately 1.3% in same store growth of revenue. Such increase was mainly attributable to the increase of approximately 2.6% in customer visits while the average spending per customer in comparable restaurants slightly dropped from approximately HK$248.7 to HK$245.6 (1.2% decrease). Our overall seat turnover rates increased from 2.5 times to 2.6 times, which is mainly attributable to an increase of seat turnover rate from certain shops, including Joy Daikiya (from 2.3 times to 2.6 times), Tono Daikiya (from 1.9 times to 2.2 times) and Deluxe Daieiki KT (from 3.9 times to 4.0 times).

As compared to FY2019, four more comparable restaurants (i.e. Deluxe Daikiya CWB, Daimanki KT, Deluxe Daieiki YL and Rock Salt CWB) were included for the four months ended 31 July 2019. Our Group recorded a decrease of approximately 10.9% in same store growth of revenue for the four months ended 31 July 2019 as compared to the four months ended 31 July 2018. Such decrease was mainly attributable to the decrease of approximately 9.6% in customer visits while the average spending per customer in comparable restaurants slightly decreased from approximately HK$241.1 to HK$237.7 (1.4% decrease). Our overall seat turnover rates decreased from 2.6 times to 2.3 times, which is mainly attributable to a decrease in seat turnover rate from certain shops, including Daikiya TST (from 3.4 times to 3.0 times), Kichi Jyu (from 2.1 times to 1.7 times) and Deluxe Daieiki CWB (from 3.9 times to 3.1 times).

Cost of food and beverages

We regularly purchase food ingredients and beverages at reasonable prices in order to support and maintain the stable operations of our restaurants. The cost of food and beverages is accordingly a major component of our operating costs. The principal food ingredients used in our operations include seafood, meat, vegetables, confections and beverages. For FY2017, FY2018, FY2019, the four months ended 31 July 2018 and the four months ended 31 July 2019, our cost of food and beverages amounted to approximately HK$275.2 million, HK$336.0 million, HK$372.6 million, HK$128.3 million and HK$117.7 million, respectively, representing 49.6%, 47.1%, 44.4%, 44.4% and 44.7% of our revenue during the respective periods. The cost of food and beverages as a percentage of our revenue will continue to be an important indicator of the overall efficiency and profitability of our business operations. 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.

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations in cost of food and beverages on our profit before taxation and after taxation for the year/period during the Track Record Period. The hypothetical fluctuations in cost of food and beverages are assumed to be 5%, 10% and 15% for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, with reference to the range of CAGR of the average import prices for major food ingredients in Hong Kong from 2014 to 2018 according to the CIC Report.

Hypothetical fluctuations	**+/–5%**	**+/–10%**	**+/–15%**
	HK$'000	*HK$'000*	*HK$'000*
Change in cost of food and beverages			
FY2017	+/–13,762	+/–27,525	+/–41,287
FY2018	+/–16,802	+/–33,604	+/–50,406
FY2019	+/–18,628	+/–37,257	+/–55,885
For the four months ended 31 July 2019	+/–5,883	+/–11,766	+/–17,649
Change in profit before taxation			
FY2017	–/+13,762	–/+27,525	–/+41,287
FY2018	–/+16,802	–/+33,604	–/+50,406
FY2019	–/+18,628	–/+37,257	–/+55,885
For the four months ended 31 July 2019	–/+5,883	–/+11,766	–/+17,649
Change in profit for the year/period			
FY2017	–/+11,492	–/+22,983	–/+34,475
FY2018	–/+14,030	–/+28,059	–/+42,089
FY2019	–/+15,555	–/+31,109	–/+46,664
For the four months ended 31 July 2019	–/+4,912	–/+9,825	–/+14,737

Staff costs

The following table sets forth the breakdown of our staff costs by (i) employee benefits expenses and (ii) labour service charges during the Track Record Period:

	FY2017	FY2018	FY2019	For the four months ended 31 July 2018	For the four months ended 31 July 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Employee benefits expenses	105,257	135,509	140,071	45,349	51,679
Labour service charges	—	10,595	54,463	18,492	16,589
Total staff costs	105,257	146,104	194,534	63,841	68,268

Our staff costs included (i) employee benefits expenses which comprised of all salaries and benefits payable to all directors and staff of restaurant operation and general administration and (ii) labour service charges of the labour provided, see "Business — Employees — Labour service management" in this prospectus for details. We have to maintain sufficient number of staff, including staff on the floor and in the kitchen, to enhance customers' dining experience at our restaurants.

The following table sets forth the breakdown of our staff costs by (i) restaurant level and (ii) head office and workshop level during the Track Record Period:

	FY2017	FY2018	FY2019	For the four months ended 31 July 2018	For the four months ended 31 July 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Restaurant level *(Note 1)*					
Employee benefits expenses	97,519	121,093	114,772	39,737	43,317
Labour service charges	—	9,560	51,053	17,211	15,358
	97,519	130,653	165,825	56,948	58,675
Head office and workshop level *(Note 2)*					
Employee benefits expenses	7,738	14,416	25,299	5,612	8,362
Labour service charges	—	1,035	3,410	1,281	1,231
	7,738	15,451	28,709	6,893	9,593
Total staff costs	105,257	146,104	194,534	63,841	68,268
Staff costs as percentage of revenue (%)	19.0	20.5	23.2	22.1	25.9

Notes:

1. Restaurant level represents staff costs incurred by Operating Companies.

2. Head office and workshop level represents staff costs incurred by Management Companies.

For FY2017, FY2018, FY2019, the four months ended 31 July 2018 and the four months ended 31 July 2019, our staff costs was approximately HK$105.3 million, HK$146.1 million, HK$194.5 million, HK$63.8 million and HK$68.3 million, representing 19.0%, 20.5%, 23.2%, 22.1% and 25.9% of our revenue, respectively.

While staff costs as a percentage of our revenue remained steady during FY2017 and FY2018, the increment in FY2019 was mainly due to (i) additional service costs arising from the full year engagement of our Labour Service Provider and full year operations of four restaurants opened during FY2018, in which the labour service charges (including both restaurant level and head office and workshop level) as a percentage of revenue increased from approximately 1.5% for FY2018 to 6.5% for FY2019; and (ii) increase in employee benefits expenses at head office and workshop level to support our preparation of Listing and business expansion, in which such costs as a percentage of revenue increased from approximately 2.0% for FY2018 to 3.0% for FY2019. The engagement of the Labour Service Provider allows us to better manage human resources as the Labour Service Provider can assist us to employ workers in a timely and efficient manner, and hence save our time and administrative efforts in sourcing manpower, particularly during peak seasons.

The staff costs as a percentage of our revenue for the four months ended 31 July 2019 slightly increased as compared to that of FY2019 owing to (i) increase in restaurant staff costs mainly due to upfront costs incurred for the opening of Daikiya ST, which such costs as a percentage of revenue increased from approximately 19.8% for FY2019 to 22.3% for four months ended 31 July 2019; and (ii) increase in head office and workshop staff costs to support our preparation of Listing and business expansion, which such costs as a percentage of revenue increased from approximately 3.4% for FY2019 to 3.6% for four months ended 31 July 2019.

Any changes to the level of employee compensation in the market, such as adjustments in statutory minimum wage, will have a direct impact on our results of operations. Our staff costs may increase in the future, and if we are not able to transfer such increments to our customers, our profitability and results of operations may be adversely affected. See "Risk Factors — Risks relating to our industry — Minimum wage requirements in Hong Kong could further increase and impact our staff costs in the future" in the prospectus for further details.

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations in staff costs on our profit before taxation and after taxation for the year/period during the Track Record Period. The fluctuations in staff costs are assumed to be 5%, 10% and 15% for FY2017, FY2018, FY2019 and the four months ended 31 July

2019, with reference to the approximate range of CAGR of the median hourly wage of employees in the Japanese restaurant market in Hong Kong from 2014 to 2018 according to the CIC Report.

Hypothetical fluctuations	**+/–5%**	**+/–10%**	**+/–15%**
	HK$'000	*HK$'000*	*HK$'000*
Change in staff costs			
FY2017	+/–5,263	+/–10,526	+/–15,789
FY2018	+/–7,305	+/–14,610	+/–21,916
FY2019	+/–9,727	+/–19,453	+/–29,180
For the four months ended 31 July 2019	+/–3,413	+/–6,827	+/–10,240
Change in profit before taxation			
FY2017	–/+5,263	–/+10,526	–/+15,789
FY2018	–/+7,305	–/+14,610	–/+21,916
FY2019	–/+9,727	–/+19,453	–/+29,180
For the four months ended 31 July 2019	–/+3,413	–/+6,827	–/+10,240
Change in profit for the year/period			
FY2017	–/+4,394	–/+8,789	–/+13,183
FY2018	–/+6,100	–/+12,200	–/+18,300
FY2019	–/+8,122	–/+16,244	–/+24,365
For the four months ended 31 July 2019	–/+2,850	–/+5,700	–/+8,551

Leased properties expenses

The following table sets forth the breakdown of depreciation of right-of-use assets arising from leased properties (including our restaurants, workshops and office premises), and the relevant interest expenses arising from lease liabilities and other lease related expenses below ("**Leased Properties Expenses**") during the Track Record Period:

	FY2017	**FY2018**	**FY2019**	**For the four months ended 31 July 2018**	**For the four months ended 31 July 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Depreciation charge of right-of-use assets arising from leased properties	49,833	64,624	71,570	23,659	26,714
Interest expense (included in finance cost)	5,562	6,081	5,507	1,777	2,461
Expense relating to leases of short-term leases *(Note 1)*	230	312	184	61	64
Expense relating to variable lease payments not included in lease liabilities *(Note 2)*	2,496	4,561	6,601	2,427	2,500
Total Leased Properties Expenses	58,121	75,578	83,862	27,924	31,739

Notes:

1. Mainly included carpark rent.
2. Included government rent, rates and management fees, turnover rent expenses.

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations in Leased Properties Expenses on our profit before taxation and after taxation for the year/period during the Track Record Period. The fluctuations in Leased Properties Expenses are assumed to be 2%, 4% and 6% for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, with reference to the approximate range of CAGR of the average rental costs for private retail premises in Hong Kong from 2014 to 2018 according to the CIC Report.

Hypothetical fluctuations	+/–2%	+/–4%	+/–6%
	HK$'000	*HK$'000*	*HK$'000*
Change in Leased Properties Expenses			
FY2017	+/–1,162	+/–2,325	+/–3,487
FY2018	+/–1,512	+/–3,023	+/–4,535
FY2019	+/–1,677	+/–3,354	+/–5,032
For the four months ended 31 July 2019	+/–635	+/–1,270	+/–1,904
Change in profit before taxation			
FY2017	–/+1,162	–/+2,325	–/+3,487
FY2018	–/+1,512	–/+3,023	–/+4,535
FY2019	–/+1,677	–/+3,354	–/+5,032
For the four months ended 31 July 2019	–/+635	–/+1,270	–/+1,904
Change in profit for the year/period			
FY2017	–/+971	–/+1,941	–/+2,912
FY2018	–/+1,262	–/+2,524	–/+3,786
FY2019	–/+1,400	–/+2,801	–/+4,201
For the four months ended 31 July 2019	–/+530	–/+1,060	–/+1,590

Some property leases contain variable payment terms that are linked to sales generated from the restaurants. For individual restaurants for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, up to 0%, 1%, 4% and 4% of lease payments are on the basis of variable payment terms. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the periods in which the condition that triggers those payments occurs.

A 5% increase in sales across all stores in our Group with such variable lease contracts for FY2017, FY2018, FY2019 and the four months ended 31 July 2019 would increase total lease payments by approximately 0%, 2% to 5%, 4% to 11% and 3% to 10% respectively.

Extension options are included in a number of property leases across our Group. These terms are used to maximise operational flexibility in terms of managing contracts.

Seasonality

We experience seasonal fluctuations in our revenue. In general, we achieved higher sales from July to August during the summer vacation season and in December to February during festive seasons such as Christmas and New Year's Eve, with lower sales from September to November during post summer vacation seasons.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGMENTS

Note 2 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.

However, uncertainties about these assumptions, estimates and judgments could result in outcomes that require a material adjustment to the carrying amount of the assets and liabilities in the future. Note 4 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 historical experiences 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.

We believe the following critical accounting policies and accounting estimates involve the most significant or subjective judgments and estimates used in the preparation of the financial information.

Adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers"

Our Group has applied HKFRS 9 and HKFRS 15 consistently throughout the Track Record Period. Our Group considers that the adoption of HKFRS 9 and HKFRS 15 does not have any significant impact on our financial position and performance of our Group compared to the requirements of HKAS 39 "Financial Instruments: Recognition and Measurement" and HKAS 18 "Revenue".

Revenue recognition

(a) Revenue — Restaurant operations

Our Group operates chains of restaurants and provides catering services. The provision of catering services for which the services rendered over time, revenue is recognised when the related services have been rendered to customers, as a single performance obligation. Payment is made to our Group upon completion of catering service.

(b) Other income — Sale of food ingredients and food materials scraps

Revenue from the sales of food ingredients and food materials scraps for which the control of goods is transferred at a point in time, is recognised when the goods are delivered and titles have passed, as a single performance obligation. Sales are made with payment credit terms of 7 to 30 days.

Early adoption of HKFRS 16 "Leases"

During the Track Record Period, all of our restaurants, workshops and certain offices are leased properties. After due and careful consideration and taking into account of the significance of the operating leases to our Group amongst other things, we have elected to early apply HKFRS 16 consistently throughout the Track Record Period.

HKFRS 16 will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases has been removed. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by our Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from our leases are initially measure on a present value basis. Lease liabilities include the net present value of fixed lease payments, variable lease payments that are based on a rate and the exercise price of a purchase option if the lessee is reasonably certain to exercise that option. Our lease payments are discounted using the interest rate implicit in our leases, if that rate can be determined, or our Group's incremental borrowing rate. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise certain restaurant equipment.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Potential future cash outflows of HK$55,650,000, HK$55,650,000, nil and nil have not been included in the lease liability as at 31 March 2017, 2018, 2019 and 31 July 2019 respectively because it is not reasonably certain that the leases will be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During FY2017, FY2018, FY2019 and the four months ended 31 July 2019, there are no revision of lease terms generating financial effect in recognised lease liabilities and right-of-use assets.

Following the early adoption of HKFRS 16, leases are recognised in the form of an asset (being the right-of-use assets) together with financial liabilities (being lease liabilities) and in respect of which depreciation expenses and finance costs are charged instead of rental expenses (under other operating expenses). The table below sets forth the summary of major impacts of the adoption of HKFRS 16 on our Group's (a) statements of financial position; (b) statements of comprehensive income; and (c) certain key financial ratios when compared to that of HKAS 17 "Leases".

(a) Impacts to combined statements of financial position

	Total assets				Total liabilities			
	As at 31 March			As at 31 July	As at 31 March			As at 31 July
	2017	2018	2019	2019	2017	2018	2019	2019
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
As if reported under HKAS 17 <A>	174,682	187,007	204,185	182,862	67,078	162,888	89,873	112,917
Currently reported under HKFRS 16 <B>	314,052	334,087	365,200	368,860	215,102	320,788	259,693	309,171
Difference (<B> − <A>)	139,370	147,080	161,015	185,998	148,024	157,900	169,820	196,254

	Right-of-use assets				Lease liabilities			
	As at 31 March			As at 31 July	As at 31 March			As at 31 July
	2017	2018	2019	2019	2017	2018	2019	2019
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
As if reported under HKAS 17 <A>	—	—	—	—	—	—	—	—
Currently reported under HKFRS 16 <B>	139,269	157,436	172,168	196,585	148,647	158,313	170,013	196,370
Difference (<B> − <A>)	139,269	157,436	172,168	196,585	148,647	158,313	170,013	196,370

	Total equity			
	As at 31 March			As at 31 July
	2017	2018	2019	2019
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
As if reported under HKAS 17 <A>	107,604	24,119	114,312	69,945
Currently reported under HKFRS 16 <B>	98,950	13,299	105,507	59,689
Difference (<B> – <A>)	(8,654)	(10,820)	(8,805)	(10,256)

(b) Impacts to combined statements of comprehensive income

	Net profit				Other operating expenses			
	FY2017	FY2018	FY2019	For the four months ended 31 July 2019	FY2017	FY2018	FY2019	For the four months ended 31 July 2019
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
As if reported under HKAS 17 <A>	48,367	39,427	90,193	14,133	87,607	110,333	121,673	43,231
Currently reported under HKFRS 16 <B>	47,070	37,261	92,208	12,682	34,502	42,612	43,176	16,079
Difference (<B> – <A>)	(1,297)	(2,166)	2,015	(1,451)	(53,105)	(67,721)	(78,497)	(27,152)

	Depreciation				Finance cost, net			
	FY2017	FY2018	FY2019	For the four months ended 31 July 2019	FY2017	FY2018	FY2019	For the four months ended 31 July 2019
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
As if reported under HKAS 17 <A>	12,757	18,253	18,390	5,582	50	100	127	35
Currently reported under HKFRS 16 <B>	62,590	82,878	89,958	32,296	5,001	5,373	4,714	2,161
Difference (<B> – <A>)	49,833	64,625	71,568	26,714	4,951	5,273	4,587	2,126

(c) Impacts to certain key financial ratios

	Net profit margin[1]				Interest coverage ratio[2]			
	FY2017	FY2018	FY2019	For the four months ended 31 July 2019	FY2017	FY2018	FY2019	For the four months ended 31 July 2019
	(%)	*(%)*	*(%)*	*(%)*	*(times)*	*(times)*	*(times)*	*(times)*
As if reported under HKAS 17	8.7	5.5	10.7	5.4	1,193.0	535.5	867.4	516.8
Currently reported under HKFRS 16	8.5	5.2	11.0	4.8	11.4	9.3	21.1	7.6

	Return on equity[3]				Return on total assets[4]			
	FY2017	FY2018	FY2019	For the four months ended 31 July 2019	FY2017	FY2018	FY2019	For the four months ended 31 July 2019
	(%)	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*
As if reported under HKAS 17	44.9	163.5	78.9	N/A	27.7	21.1	44.2	N/A
Currently reported under HKFRS 16	47.6	280.2	87.4	N/A	15.0	11.2	25.2	N/A

	Current ratio[5]				Gearing ratio[6]			
	As at 31 March			As at 31 July	As at 31 March			As at 31 July
	2017	2018	2019	2019	2017	2018	2019	2019
	(times)	*(times)*	*(times)*	*(times)*	%	%	%	%
As if reported under HKAS 17	1.8	0.7	1.5	1.0	9.3	41.7	7.2	6.8
Currently reported under HKFRS 16	1.0	0.5	0.8	0.6	10.1	75.6	7.8	8.0

Notes:

(1) Net profit margin was calculated on profit for the year/period divided by revenue for the respective year/period.

(2) Interest coverage ratio is calculated based on profit for the year/period before interest and taxation divided by interest expense for the respective year/period.

(3) Return on equity was calculated by dividing profit for the year/period by the total equity as at the respective year/period and multiplied the resulting value by 100%. The ratio for the four months ended 31 July 2019 is not applicable as it is not comparable to the ratio of a full financial year.

(4) Return on total assets was calculated by dividing profit for the year/period by total assets as at the respective year/period and multiplying the resulting value by 100%. The ratio for the four months ended 31 July 2019 is not applicable as it is not comparable to the ratio of a full financial year.

(5) Current ratio was calculated based on the total current assets as at the respective date divided by the total current liabilities as at the respective date.

(6) Gearing ratios as at 31 March 2017, 2018, 2019 and 31 July 2019 were calculated based on the total debt divided by total equity and multiplied by 100%. Total debts include borrowings and amounts due to related parties, which are payables incurred not in the ordinary course of business.

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. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

RESULTS OF OPERATIONS

The following table summarises the combined statements of comprehensive income from the financial statements of our Group for the Track Record Period, details of which are set out in the Accountant's Report in Appendix I to this prospectus.

				For the four months ended 31July	
	FY2017	**FY2018**	**FY2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Revenue	555,160	713,184	839,021	288,853	263,423
Other income	1,096	1,688	1,709	622	673
Cost of food and beverages	(275,247)	(336,039)	(372,564)	(128,266)	(117,663)
Employee benefits expense	(105,257)	(135,509)	(140,071)	(45,349)	(51,679)
Labour service charges	—	(10,595)	(54,463)	(18,492)	(16,589)
Share-based payment expenses	(4,942)	(35,893)	—	—	—
Depreciation	(62,590)	(82,878)	(89,958)	(30,142)	(32,296)
Utility expenses	(10,798)	(14,255)	(16,897)	(5,975)	(5,703)
Other operating expenses	(34,502)	(42,612)	(43,176)	(14,183)	(16,079)
Listing expenses	—	(450)	(6,506)	(538)	(5,562)
Finance cost, net	(5,001)	(5,373)	(4,714)	(1,519)	(2,161)
Profit before taxation	57,919	51,268	112,381	45,011	16,364
Income tax expense	(10,849)	(14,007)	(20,173)	(7,516)	(3,682)
Profit and total comprehensive income for the year/period, net of tax	47,070	37,261	92,208	37,495	12,682

DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

We generated our revenue substantially from restaurant operations in Hong Kong during the Track Record Period, and most of our revenue was generated from our all-you-can-eat restaurants.

	FY2017	FY2018	FY2019	For the four months ended 31 July 2018	For the four months ended 31 July 2019
Number of restaurants					
At the start of the period	8	10	14	14	13
Added during the period	2	4	—	—	1
Closed during the period	—	—	(1)	—	—
Total number at the end of the year/period	10	14	13	14	14

During the Track Record Period, the price of our all-you-can-eat cuisine differed slightly depending on the time period of a day and the day of the week. The following table sets forth the average price range of our Japanese all-you-can-eat cuisine as at the Latest Practicable Date:

	All-you-can-eat			
	Lunch (Note)		Dinner	
	Adult	Child	Adult	Child
Average price range *(HK$/Head)*	$168–$278	$128–$148*	$173–$328	$128–$158

* Average fixed price

Note: We also offer lunch set menu and the average price of our lunch set menu was about 60% less than the average price of our all-you-can-eat lunch menu per adult in general.

The following table sets forth, for the periods indicated, the breakdown of our revenue by each restaurant during the Track Record Period:

Restaurant	FY2017				FY2018				FY2019				For the four months ended 31 July 2018				For the four months ended 31 July 2019			
	Revenue	% of total revenue	Number of customer visits	Average spending per customer	Revenue	% of total revenue	Number of customer visits	Average spending per customer	Revenue	% of total revenue	Number of customer visits	Average spending per customer	Revenue	% of total revenue	Number of customer visits	Average spending per customer	Revenue	% of total revenue	Number of customer visits	Average spending per customer
	(HK$'000)	*(%)*		*(HK$)*	*(HK$'000)*	*(%)*		*(HK$)*	*(HK$'000)*	*(%)*		*(HK$)*	*(HK$'000)* *(unaudited)*	*(%)*		*(HK$)*	*(HK$'000)*	*(%)*		*(HK$)*
(i) All-you-can-eat																				
Daikiya TST	53,266	9.6	204,951	259.9	56,918	8.0	226,776	251.0	58,768	7.0	239,304	245.6	19,595	6.8	79,962	245.1	17,980	6.8	73,862	243.4
Daikiya CWB *(Note)*	34,227	6.1	142,561	240.1	31,325	4.3	138,962	225.4	26,793	3.1	124,033	216.0	9,919	3.4	46,394	213.8	—	—	—	—
Deluxe Daikiya TST	68,011	12.3	232,585	292.4	63,201	8.9	213,615	295.9	64,504	7.7	236,069	273.2	21,874	7.6	79,595	274.8	18,743	7.1	70,232	266.9
Joy Daikiya	80,302	14.5	313,932	255.8	75,450	10.6	294,002	256.6	80,539	9.6	314,027	256.5	27,791	9.6	105,904	262.4	25,665	9.7	102,602	250.1
Tono Daikiya	71,315	12.8	222,120	321.1	76,190	10.7	243,395	313.0	81,556	9.7	272,891	298.9	26,780	9.3	89,773	298.3	23,860	9.1	81,187	293.9
Deluxe Daikiya CWB	—	—	—	—	34,710	4.9	124,742	278.2	53,946	6.4	242,277	222.7	17,922	6.2	79,304	226.0	19,190	7.3	86,257	222.5
Kichi Jyu	47,130	8.5	207,806	226.8	55,497	7.8	241,168	230.1	55,172	6.6	237,274	232.5	19,327	6.7	83,216	232.3	15,611	5.9	68,291	228.6
Daimanki MK	54,198	9.8	242,807	223.2	48,660	6.8	208,306	233.6	46,703	5.6	204,533	228.3	16,219	5.6	70,541	229.9	13,752	5.2	59,991	229.2
Daieiki MK	62,377	11.2	277,163	225.1	66,455	9.3	287,143	231.4	59,794	7.1	258,038	231.7	21,888	7.6	94,446	231.8	16,486	6.4	75,735	217.7
Daimanki KT	—	—	—	—	15,932	2.2	78,924	201.9	39,283	4.7	190,023	206.7	14,180	4.9	68,223	207.8	12,306	4.7	60,175	204.5
Deluxe Daieiki CWB	63,575	11.5	275,828	230.5	64,258	9.0	277,426	231.6	61,688	7.4	271,127	227.5	21,826	7.5	94,318	231.4	17,173	6.5	76,587	224.2
Deluxe Daieiki KT	20,759	3.7	100,667	206.2	85,328	12.0	388,162	219.8	90,803	10.8	407,918	222.6	30,945	10.7	140,907	219.6	29,825	11.3	133,416	223.5
Deluxe Daieiki YL	—	—	—	—	22,592	3.2	92,834	243.4	92,183	11.0	368,475	250.2	31,956	11.1	128,386	248.9	28,677	10.9	113,756	252.1
Daikiya ST	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	14,823	5.6	61,007	243.0
Sub-total	555,160	100	2,220,420	250.0	696,516	97.7	2,815,455	247.4	811,732	96.7	3,365,989	241.2	280,222	97.0	1,160,969	241.4	254,091	96.5	1,063,098	239.0
(ii) A-la-carte																				
Rock Salt CWB	—	—	—	—	16,668	2.3	80,492	207.1	27,289	3.3	133,416	204.5	8,631	3.0	42,530	202.9	9,332	3.5	43,822	213.0
Total	555,160	100.0	2,220,420	250.0	713,184	100.0	2,895,947	246.3	839,021	100.0	3,499,405	239.8	288,853	100.0	1,203,499	240.0	263,423	100.0	1,106,920	238.0

Note: In March 2019, we closed down one all-you-can-eat restaurant (Daikiya CWB) located in The Goldmark, Causeway Bay because of the expiry of the tenancy.

As at 31 March 2017, 2018 and 2019 and 31 July 2019, we operated a total of 10, 14, 13 and 14 restaurants in Hong Kong respectively. We opened our first a-la-carte restaurant in July 2017. The revenue contribution from our all-you-can-eat restaurants amounted to approximately HK$555.2 million, HK$696.5 million, HK$811.7 million, HK$280.2 million and HK$254.1 million, for FY2017, FY2018, FY2019, and the four months ended 31 July 2018 and 31 July 2019, respectively, which accounted for approximately 100.0%, 97.7% and 96.7%, 97.0% and 96.5% of our total revenue for the respective period.

The revenue contribution from our a-la-carte restaurant for FY2018 from its commencement of business since 17 July 2017 to 31 March 2018 amounted to approximately HK$16.7 million, which accounted for approximately 2.3% of our total revenue for FY2018. Driven by the organic growth during FY2019 and the four months ended 31 July 2019, the revenue contribution from our a-la-carte restaurant amounted to approximately HK$27.3 million and HK$9.3 million which represented approximately 3.3% and 3.5% of our total revenue for the year/period.

We generally accept payment by way of credit cards, cash and others including octopus cards and bank transfers for deposit payment, 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:

	FY2017		FY2018		FY2019		For the four months ended 31 July 2018		For the four months ended 31 July 2019	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (*unaudited*)	*%*	*HK$'000*	*%*
Credit cards	373,659	67.3	491,903	69.0	594,646	70.9	205,495	71.1	186,798	70.9
Cash	181,168	32.6	220,320	30.9	241,768	28.8	81,556	28.2	73,388	27.9
Others *(Note)*	333	0.1	961	0.1	2,607	0.3	1,802	0.7	3,237	1.2
Total	555,160	100	713,184	100	839,021	100	288,853	100	263,423	100

Note: Includes payment by octopus cards and banking deposits which was paid by bank transfers.

Other income

	FY2017		FY2018		FY2019		For the four months ended 31 July 2018		For the four months ended 31 July 2019	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (*unaudited*)	*%*	*HK$'000*	*%*
Sale of food material scrap	1,013	92.4	1,027	60.8	1,178	68.9	342	55.0	397	59.0
Sale of food ingredients	81	7.4	412	24.4	123	7.2	66	10.6	16	2.4
Sundry income	2	0.2	249	14.8	408	23.9	214	34.4	260	38.6
Total	1,096	100	1,688	100	1,709	100	622	100	673	100

Other income primarily consist of (i) sale of food material scrap; (ii) sale of food ingredients mainly to customers who are third party restaurant operators; and (iii) sundry income such as bank interest income, deposit forfeiture and government fund. Other income amounted to approximately HK$1.1 million, HK$1.7 million, HK$1.7 million and HK$0.7 million for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, respectively, representing approximately 0.2%, 0.2%, 0.2% and 0.3% of our total revenue for the respective periods.

Cost of food and beverages

Our cost of food and beverages primarily consists of cost of all food ingredients and beverages used in our operations. The principal food ingredients and beverages used in our operations are seafood, meat, rice, vegetables, confections and side dish ingredients. Each of our restaurants monitor its own stock level and arrange procurement of food ingredients and beverages when appropriate.

Our cost of food and beverages continued to increase as our restaurant sales and number of restaurants continued to increase throughout the Track Record Period. For FY2017, FY2018, FY2019 and the four months ended 31 July 2019, our cost of food and beverages amounted to approximately HK$275.2 million, HK$336.0 million, HK$372.6 million and HK$117.7 million, respectively.

As a percentage of total revenue, our cost of food and beverages accounted for approximately 49.6%, 47.1%, 44.4% and 44.7% in the respective periods. Our Group's purchases increased from approximately HK$277.8 million for FY2017 to HK$340.3 million for FY2018 and further to HK$373.0 million for FY2019. Our Group's purchases amounted to HK$118.3 million for the four months ended 31 July 2019. The overall cost of food ingredients is closely monitored and it is generally limited to a certain percentage of the total revenue of each restaurant as management target. We exercised control over the costs of food ingredients through sourcing from different suppliers of the same food types. We try to cope with market price changes in food costs by different measures, including (i) obtaining quotations from several suppliers to purchase food ingredients with similar quality but at lower price; (ii) reviewing and refreshing our menus regularly; and (iii) avoiding purchase of excessive fresh food ingredients.

In addition to the cost control measures mentioned above, our Directors believe that the increase in the number of restaurants during the Track Record Period enables our Group to continue enjoy the benefits of economies of scale from purchasing in bulk. Those measures and factors have contributed to the decreasing cost of food and beverages as a percentage of revenue.

Despite our Group's purchases increased with the number of restaurants during the Track Record Period, our inventories maintained at appropriate levels, especially for fresh and perishable food. Our Group normally placed orders on an operational need basis in order to keep its freshness and quality and reduce wastage. As a result, our Group is able to maintain a short period of inventory turnover days ranging from approximately 3 days to 4 days as at 31 March 2017, 2018 and 2019 and 31 July 2019.

Staff costs

The following table sets forth the breakdown of staff costs during the Track Record Period:

	FY2017	FY2018	FY2019	For the four months ended 31 July 2018	For the four months ended 31 July 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Wages and salaries	96,129	123,397	126,320	40,858	46,537
Discretionary bonuses	4,345	4,544	6,201	2,487	1,720
Retirement benefit scheme contributions	4,476	5,843	5,749	1,874	2,462
Other staff benefits	307	1,725	1,801	130	960
Employee benefits expenses	105,257	135,509	140,071	45,349	51,679
Labour service charges	—	10,595	54,463	18,492	16,589
Total staff costs	105,257	146,104	194,534	63,841	68,268

Our employee benefit expenses mainly comprise wages and salaries, discretionary bonuses, retirement benefit scheme contributions, medical disbursements, meal allowances, travelling expenses and long service payments. Since 1 January 2018, we have engaged the Labour Service Provider to provide us with labour supply services. For details, see "Business — Employees — Labour service management". For the Track Record Period, our staff costs amounted to approximately HK$105.3 million, HK$146.1 million, HK$194.5 million and HK$68.3 million, respectively, representing 19.0%, 20.5%, 23.2% and 25.9% of our total revenue for the respective periods. The total increase in our staff costs was primarily due to general increase in wages of our staff and increase in number of our staff as a result of new restaurants opened. While staff costs as a percentage of revenue remained steady during FY2017 and FY2018, the increment in FY2019 was mainly due to (i) additional service costs arising from the full year engagement of our Labour Service Provider and full year operations of four restaurants opened during FY2018; and (ii) increase in head office and workshop staff costs to support our preparation of Listing and business expansion. The engagement of the Labour Service Provider allows us to better manage human resources as the Labour Service Provider can assist us to employ workers in a timely and efficient manner, and hence save our time and administrative efforts in sourcing manpower, particularly during peak seasons. The staff costs as a percentage of revenue for the four months ended 31 July 2019 slightly increased as compared to that of FY2019 owing to (i) increase in head office and workshop staff costs to support our preparation of Listing and business expansion; and (ii) upfront costs incurred for the opening of Daikiya ST.

Share-based payment expenses

Employees

Our founders believed that food service quality provided by our restaurant staff would be important to the business development and success of our Group. Hence, our founders grant shares in our Operating Companies to selected employees at nominal consideration in order to motivate them and to attract their loyalty. However, the grant of shares in Operating Companies to those selected employees were subject to certain restrictions. Our directors modified this arrangement to an equity-settled share-based compensation plan on 29 March 2017. Upon the exercise of the share-based compensation, the employee shareholders were entitled to full rights and benefits in the shares of the holding company of the Operating Companies. In this connection, share-based payment expenses were recorded.

The below table sets out the (i) respective equity interest immediately after the Reorganisation but prior to the completion of the Capitalisation Issue and the Share Offer and (ii) role and position of each of the employee shareholders in our Group at the time of the grant of the relevant shares.

	Name of the employee shareholder	No. of Shares to be allotted and issued by our Company	Approximate percentage of shareholding immediately after the Reorganisation but prior to the completion of the Capitalisation Issue and the Share Offer (%)	Role/position in our Group at the time of the grant of the relevant shares
1.	Mr. Lo Tak Cheung	27	0.3	Trainee vice manager
2.	Mr. Wong Ka Kin	20	0.2	Trainee vice supervisor
3.	Mr. Wong Chi Fung	105	1.1	Assistant supervisor
4.	Mr. Wong Wing Sing	50	0.5	Shop manager
5.	Mr. Yeung Chun Sing	13	0.1	Chef
6.	Mr. Yeung Tit Fung	13	0.1	Manager
7.	Mr. Yung Chung Ngai	16	0.2	Supervisor
8.	Mr. Tse Wing Hong	63	0.6	Kitchen supervisor
9.	Mr. Sze Yau Yam	16	0.2	Senior supervisor
10.	Mr. Tsang Yuk Pan	37	0.4	Chef
11.	Mr. Leung Nok Shun	54	0.5	Chef
12.	Mr. OY Lam	91	0.9	Manager
13.	Mr. Hsu Chi Yung	93	0.9	Executive chef
14.	Mr. Choi Tsz Wong	19	0.2	Senior supervisor
15.	Mr. Chau Ka Yeung	80	0.8	Regional supervisor
16.	Mr. Lam Ying Kit	32	0.3	Manager
17.	Mr. Wong Ting Chung	366	3.7	Consultant
18.	Mr. Yu Shun On	38	0.4	Manager
19.	Mr. TF Lo	56	0.6	Chef
20.	Mr. Lin Kwok Hung	507	5.1	Consultant

Note: We also granted certain shares of Operating Companies to Ms. Chiu Yuet Nung, Mr. Chan Kwai Pan, Mr. Lau Chi Kin Raymond and Mr. Cheng Tun Kin who had the position of administration manager, chef, manager, administration supervisor of our group companies, respectively. They were not shareholders of our Company as they disposed of their interests in our Group before Reorganisation.

Non-employees

Before the Track Record Period, our Group granted shares of certain of its Operating Companies to relatives of Mr. Lam and Mr. KK Ho, and certain business partners. These shares granted to non-employees were vested immediately on respective grant date and their respective equity interest in certain of the Operating Companies was classified as non-controlling interest in the combined financial statements.

On 29 March 2017, in preparation of the Listing, we entered into an arrangement with these non-employees to convert their equity interest in the Operating Companies to the equity interest of the holding company of the Operating Companies and Management Companies upon the Reorganisation, which are immediately vested on the same date.

The excess of the fair value of the equity interest of the holding company of the Operating Companies and Management Companies upon the Reorganisation entitled by the non-employees over the fair values of the equity instruments of the Operating Companies held by the non-employee as at vesting date is accounted for as share-based payment expenses in the combined statements of comprehensive income.

After the conversion of the equity interest of the Operating Companies to the equity interest of the holding company of the Operating Companies upon the Reorganisation, the non-employees become the shareholders of our Group.

In aggregate, the rights granted to employees shareholders and non-employees shareholders in aggregate represent 22% of the issued shares of the holding company of the Operating Companies.

The below table sets out (i) the respective equity interest of each non-employee shareholder immediately after the Reorganisation but prior to the completion of the Capitalisation Issue and the Share Offer and (ii) details of past and present relationships between each non-employee shareholder with our Company, our subsidiaries, shareholders, directors, senior management or any of their respective associates up to the Latest Practicable Date:

	Name of the non-employee shareholder	No. of Shares to be allotted and issued by our Company	Approximate percentage of shareholding immediately after the Reorganisation but prior to the completion of the Capitalisation Issue and the Share Offer (%)	Details of his/her relationship, whether past or present, with our Company, its subsidiaries, shareholders, directors, senior management or any of their respective associates	Reason for allotment
1.	Mr. Lee Chun Lung	32	0.3	Construction contractor of our Group	To provide incentives to ensure speedy and quality renovation services
2.	Mr. Jim Chong Keung	16	0.2	Supplier of our Group	To provide incentives to ensure stable supply of tableware
3.	Ms. Ho Siu Mei	5	0.1	Aunt of Mr. KK Ho and mother of Ho Hok Fung	To provide incentives to our former employee, Mr. KK Ho.
4.	Mr. Ho Hok Fung	7	0.1	Cousin of Mr. KK Ho and son of Ho Siu Mei	To provide incentives to our former employee, Mr. KK Ho.
5.	Ms. Chio Chon Iok	49	0.5	Sister of our employee Ms. Chiu Yuet Nung	To provide incentives to our employee, Ms. Chiu Yuet Nung
6.	Ms. Chin Suk Yin	39	0.4	Supplier of our Group	To foster co-operation as our Group purchased gift products from Ms. Chin Suk Yin's company for promotional activities in 2017
7.	Ms. SW Wong	13	0.1	Sister-in-law of Mr. Lam	To provide incentives to our Director, Mr. Lam
8.	Mr. Sun Baihui	56	0.6	Cousin of Mr. KK Ho	To provide incentives to our former employee, Mr. KK Ho.

Name of the non-employee shareholder	No. of Shares to be allotted and issued by our Company	Approximate percentage of shareholding immediately after the Reorganisation but prior to the completion of the Capitalisation Issue and the Share Offer (%)	Details of his/her relationship, whether past or present, with our Company, its subsidiaries, shareholders, directors, senior management or any of their respective associates	Reason for allotment
9. Ms. Liu Junrong	32	0.3	Relative of Mr. Lam	To provide incentives to our Director, Mr. Lam
10. Mr. Ngan Hon Wing	185	1.9	Construction contractor of our Group	To provide incentives to ensure speedy and quality renovation services
11. Mr. Shi Chaozong	65	0.7	Cousin of Mr. KK Ho	To provide incentives to our former employee, Mr. KK Ho.

Notes:

(1) We also granted certain shares of Operating Companies to Mr. Chan Chak Fei who is the father-in-law of Mr. KK Ho. He was not a shareholder of our Company as he disposed of his interests in our Group before Reorganisation.

(2) Each non-employee shareholder paid a nominal consideration of HK$1 for each share of the Operating Company allotted to him/her.

Our Directors considered that granting shares to employees and certain persons for their contributions to our Group could give them incentives and/or reward for their contributions to the success of the Operating Companies; and according to CIC, such practice is not uncommon for restaurant companies in Hong Kong.

Total expenses arising from share-based payment transactions during the Track Record Period were as follows:

	FY2017	FY2018	FY2019	For the four months ended 31 July 2018	For the four months ended 31 July 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Share-based payment expenses charged in the combined statements of comprehensive income					
— employees	297	34,872	—	—	—
— non-employees	4,645	1,021	—	—	—
Total	4,942	35,893	—	—	—

For details, please refer to note 25 of the Accountant's Report in Appendix I to this prospectus.

Non-HKFRS measures

We have presented below non-HKFRS financial information because our management considers these supplemental measures will be helpful for the Listing and other interested parties to assess the profitability of our business operation. These financial measures are unaudited and are not the measures of performance under the HKFRS. Although some of these financial measures are reconcilable to the line items in the financial information set forth in the Accountant's Report in Appendix I to this prospectus, they should not be considered as measures comparable to, or substitutes for, items in our combined statement of comprehensive income, as determined in accordance with the HKFRS.

Furthermore, these financial measures may not be comparable to other similarly titled measures used by other companies. The use of these non-HKFRS measures has material limitation as it does not include all income and costs that impact our profit for the relevant years and should not be used as a substitute for an analysis of our financial results presented under the HKFRS.

Non-HKFRS measures — Operating Profit and Operating Profit Margin

We have presented the non-HKFRS financial measures, namely Operating Profit and Operating Profit Margin by restaurants in this prospectus. We have presented these non-HKFRS measures because our Directors consider these supplemental measures will be helpful for the investors and other interested parties to assess the profitability of our business operation. These financial measures are unaudited and are not the measures of performance under the HKFRS. Operating Profit and Operating Profit Margin of our Group presented in this prospectus are as follows:

- Operating Profit is calculated by deducting cost of food and beverages, employee benefits expenses, labour service charges, utility expenses, other operating expenses and Leased Properties Expenses from the revenue.

- Operating Profit Margin is calculated by dividing Operating Profit by the revenue of that year/period.

The breakdown of Leased Properties Expenses includes (i) depreciation of right-of-use assets arising from leased properties (including our restaurants, workshops and office premises); (ii) the relevant interest expenses arising from lease liabilities; and (iii) other lease related expenses.

The following table sets forth our Operating Profit and Operating Profit Margin, as non-HKFRS measures, for the periods indicated.

	FY2017	**FY2018**	**FY2019**	**For the four months ended 31 July 2018**	**For the four months ended 31 July 2019**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)* *(unaudited)*	*(HK$'000)*
Revenue	555,160	713,184	839,021	288,853	263,423
Cost of food and beverages	(275,247)	(336,039)	(372,564)	(128,266)	(117,663)
Employee benefits expenses	(105,257)	(135,509)	(140,071)	(45,349)	(51,679)
Labour service charges	—	(10,595)	(54,463)	(18,492)	(16,589)
Leased Properties Expenses	(58,121)	(75,578)	(83,862)	(27,924)	(31,739)
Utility expenses	(10,798)	(14,255)	(16,897)	(5,975)	(5,703)
Other operating expenses *(Note)*	(31,776)	(37,739)	(36,391)	(11,695)	(13,515)
Operating Profit	**73,961**	**103,469**	**134,773**	**51,152**	**26,535**
Operating Profit Margin	**13.3%**	**14.5%**	**16.1%**	**17.7%**	**10.1%**

Note: Excluded certain other operating expenses included in the calculation of Leased Properties Expenses.

The following table sets forth our Operating Profit and Operating Profit Margin by restaurant for the periods indicated.

Restaurant	FY2017		FY2018		FY2019		For the four months ended 31 July 2018		For the four months ended 31 July 2019	
	Operating Profit	Operating Profit Margin	Operating Profit	Operating Profit Margin	Operating Profit	Operating Profit Margin	Operating Profit	Operating Profit Margin	Operating Profit	Operating Profit Margin
	(HK$'000)	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000)*	*(%)*	*(HK$'000)* *(unaudited)*	*(%)*	*(HK$'000)*	*(%)*
(i) *All-you-can-eat*										
Daikiya TST	3,444	6.5	9,766	17.2	13,432	22.9	4,274	21.8	3,297	18.3
Daikiya CWB	946	2.8	4,499	14.4	3,283	12.3	1,437	14.5	—	—
Deluxe Daikiya TST	12,744	18.7	11,743	18.6	14,485	22.5	5,042	23.1	2,653	14.2
Joy Daikiya	11,487	14.3	10,309	13.7	17,138	21.3	6,028	21.7	4,142	16.1
Tono Daikiya	7,964	11.2	11,210	14.7	15,334	18.8	4,993	18.6	3,281	13.7
Deluxe Daikiya CWB	—	—	200	0.6	7,164	13.3	2,049	11.4	2,786	14.5
Kichi Jyu	4,530	9.6	9,223	16.6	10,059	18.2	3,325	17.2	1,179	7.6
Daimanki MK	9,545	17.6	7,830	16.1	6,454	13.8	2,428	15.0	706	5.1
Daieiki MK	11,906	19.1	15,084	22.7	11,488	19.2	4,623	21.1	1,816	11.0
Daimanki KT	—	—	1,296	8.1	3,407	8.7	1,932	13.6	386	3.1
Deluxe Daieiki CWB	11,598	18.2	13,710	21.3	11,294	18.3	4,311	19.8	1,605	9.3
Deluxe Daieiki KT	3,155	15.2	18,771	22.0	21,563	23.7	7,537	24.4	6,216	20.8
Deluxe Daieiki YL	—	—	1,032	4.6	17,277	18.7	6,468	20.2	4,836	16.9
Daikiya ST	—	—	—	—	—	—	—	—	(67)	(0.5)
	77,319		114,673		152,378		54,447		32,836	
(ii) *A-la-carte*										
Rock Salt CWB	—	—	600	3.6	5,935	21.8	1,821	21.1	1,968	21.1
Sub-total	77,319		115,273		158,313		56,268		34,804	
Unallocated corporate expenses *(Note)*	(3,358)		(11,804)		(23,540)		(5,116)		(8,269)	
Operating Profit and Margin	**73,961**	**13.3**	**103,469**	**14.5**	**134,773**	**16.1**	**51,152**	**17.7**	**26,535**	**10.1**

Note: Unallocated corporate expenses represented expenses incurred at head office or workshop, including employee benefits expenses, labour service charges, utility expenses, other operating expenses and Leased Properties Expenses. Our unallocated corporate expenses increased by approximately 2.5 times from approximately HK$3.4 million for FY2017 to approximately HK$11.8 million for FY2018, mainly due to the increase in directors' emoluments by HK$6.1 million to support for the expansion of our restaurant network. Unallocated corporate expenses further increased by approximately 99.2% to approximately HK$23.5 million for FY2019, attributed to the significant increase in the number of head office staff in various departments including accounting, finance, licence, procurement which were newly established to support our business expansion and also the increase in administration staff to support our preparation of Listing, and utility expenses of our workshop as well as other operating expenses incurred. Such head office staff costs increased by HK$10.8 million during FY2019 as we hired 25 new staff. Unallocated corporate expenses for the four months ended 31 July 2018 and 2019 were approximately HK$5.1 million and HK$8.3 million, respectively. Such increase was mainly due to increase in head office staff costs incurred during the period to support our preparation of Listing and business expansion.

Our Operating Profit increased by approximately HK$29.5 million or 39.9% from approximately HK$74.0 million for FY2017 to approximately HK$103.5 million for FY2018; and further increased by approximately HK$31.3 million or 30.2% to approximately HK$134.8 million for FY2019. Such increase was generally in line with our growth in revenue. During FY2018 and FY2019, the percentage increase in Operating Profit was higher than the percentage increase in revenue of approximately 28.5% and 17.6% in respective periods, which was primarily due to our cost control measures in cost of food and beverages and benefits from purchasing in bulk. This resulted in a decreasing cost of food and beverages as a percentage of revenue, at approximately 49.6%, 47.1% and 44.4% in FY2017, FY2018 and FY2019, respectively. During FY2019, the increase in Operating Profit was partially offset by the increased staff cost (including employee benefits expenses and labour service charges), owing to the additional service costs arising from the full year engagement of our Labour Service Provider and therefore staff costs as a percentage of revenue increased from approximately 20.5% for FY2018 to 23.2% for FY2019. The Operating Profit Margin of our Group of approximately 13.3%, 14.5% and 16.1% for FY2017, FY2018 and FY2019, respectively, slightly increased for each period. Our Operating Profit for the four months ended 31 July 2018 and 2019 was approximately HK$51.2 million and HK$26.5 million, respectively. The decrease in our Operating Profit of approximately 48.2% exceeded the decrease in revenue of approximately 8.8%, which was mainly attributable to (i) the decrease in our revenue resulting from decreased customer visits; (ii) increased employee benefits expenses of approximately HK$6.3 million or 14.0% mainly due to increased staff costs in head office and upfront costs incurred for the opening of Daikiya ST during the period; and (iii) increased Leased Properties Expenses of approximately HK$3.8 million or 13.7% due to the opening of Daikiya ST and the increased rent of our certain restaurants' leases renewed after 31 July 2018. Hence, the Operating Profit Margin decreased from approximately 17.7% for the four months ended 31 July 2018 to approximately 10.1% for the four months ended 31 July 2019.

Non-HKFRS measure — adjusted net profit*(Notes 1, 2, 3)***

	FY2017	**FY2018**	**FY2019**	**For the four months ended 31 July 2018**	**For the four months ended 31 July 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Profit and total comprehensive income for the year/period, net of tax	47,070	37,261	92,208	37,495	12,682
Adjustment:					
Share-based payment expenses	4,942	35,893	—	—	—
Listing expenses	—	450	6,506	538	5,562
Adjusted net profit for the year/period	52,012	73,604	98,714	38,033	18,244

Notes:

1. We present the unaudited non-HKFRS measure to supplement our combined statements of comprehensive income for FY2017, FY2018 and FY2019 and the four months ended 31 July 2019 that were prepared in accordance with HKFRS to provide additional information about our operating performance. Our Directors believe that the non-HKFRS measure will help our management and investors to assess our financial performance and financial condition as: (i) it is the non-HKFRS measure which is used by the management to evaluate our financial performance by eliminating the impact of non-recurring items which are considered not indicative for evaluating the actual performance of our business; and (ii) during the Track Record Period, we recorded certain significant one-off expenses, such as the listing expenses relating to the preparation of the Listing of our Company and the share-based payment expenses. The listing expenses and the share-based payment expenses are non-recurring in nature.

2. The unaudited non-HKFRS measure is not a recognised term under HKFRS. It does not have a standardised meaning prescribed by HKFRS and therefore may not be comparable to similarly titled measure presented by other publicly traded companies, and it should not be construed as an alternative to other financial measures determined in accordance with HKFRS. Our definition of adjusted net profit should not be considered in isolation or construed as an alternative to profit for the year indicated or as an indicator of operating performance or any other standard measure under HKFRS.

3. The use of the non-HKFRS measures has certain limitations. The non-HKFRS measures should be read in conjunction with our HKFRS measures. For more details about such limitations, the definitions of our non-HKFRS measures as well as reconciliation of such non-HKFRS measures to their respective most directly comparable financial measures, see "Results of Operations — Non-HKFRS measures" in this section.

Depreciation

Depreciation charge arises from right-of-use assets and property, plant and equipment. During the Track Record Period, our depreciation charge amounted to approximately HK$62.6 million, HK$82.9 million, HK$90.0 million and HK$32.3 million, respectively.

The table below sets out the breakdown of our depreciation charge during the Track Record Period:

	FY2017	FY2018	FY2019	For the four months ended 31 July 2018	For the four months ended 31 July 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Depreciation charge of right-of-use assets					
— Land	—	101	121	40	40
— Properties	49,833	64,624	71,570	23,659	26,714
— Motor vehicles	191	191	191	64	64
Sub-total	50,024	64,916	71,882	23,763	26,818
Property, plant and equipment					
— Buildings	—	53	64	21	21
— Leasehold improvements	7,129	11,121	12,161	4,195	3,813
— Restaurant and kitchen equipment	5,271	6,435	5,372	2,007	1,474
— Office equipment	166	353	479	156	170
Sub-total	12,566	17,962	18,076	6,379	5,478
Total	62,590	82,878	89,958	30,142	32,296

Utility expenses

Our utility expenses represent expenses incurred for gas, electricity and water charges. During the Track Record Period, our utility expenses amounted to approximately HK$10.8 million, HK$14.3 million, HK$16.9 million and HK$5.7 million, respectively, representing approximately 1.9%, 2.0%, 2.0% and 2.2% of our total revenue for the respective periods.

Other operating expenses

For the Track Record Period, our other operating expenses amounted to approximately HK$34.5 million, HK$42.6 million, HK$43.2 million and HK$16.1 million, respectively, representing approximately 6.2%, 6.0%, 5.1% and 6.1% of our total revenue for the respective periods.

The following table sets forth a breakdown of our other operating expenses for the periods indicated:

	FY2017		FY2018		FY2019		For the four months ended 31 July 2018		For the four months ended 31 July 2019	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Credit payment commission	6,277	18.2	8,501	19.9	10,562	24.5	3,671	25.9	3,391	21.1
Cleaning and laundry expense	7,765	22.5	9,394	22.0	8,337	19.3	2,743	19.3	2,564	15.9
Restaurant supplies and consumables	6,228	18.1	6,542	15.4	6,674	15.5	2,325	16.4	2,815	17.5
Rent and rates	2,726	7.9	4,873	11.4	6,785	15.7	2,507	17.7	2,881	17.9
Advertising and promotion expense	953	2.8	1,933	4.6	2,583	6.0	907	6.4	843	5.2
Repairs and maintenance	2,065	6.0	2,384	5.7	2,334	5.4	796	5.6	969	6.0
Administrative services fee *(Notes 1 and 2)*	4,335	12.6	3,386	7.9	—	—	—	—	—	—
Insurance	1,269	3.7	1,297	3.1	1,254	2.9	284	2.0	652	4.1
Legal and profession fee	930	2.7	1,043	2.4	1,116	2.6	490	3.5	271	1.7
Licence fee	346	1.0	362	0.8	377	0.9	74	0.5	287	1.8
Transportation	389	1.1	270	0.6	570	1.3	180	1.3	314	2.0
Others *(Note 3)*	1,219	3.4	2,627	6.2	2,584	5.9	206	1.4	1,092	6.8
Total	34,502	100.0	42,612	100.0	43,176	100.0	14,183	100.0	16,079	100.0

Notes:

1. Administrative services to support certain restaurants operation rendered by King Glory International Develop Limited ("**King Glory**") which was a related party and jointly held by Mr. Lam and Mr. KK Ho as to 50% and 50% of shareholding since 28 November 2014 and up to 24 January 2018, when their shareholdings in King Glory were transferred to Ms. Chan Ming Wai, the spouse of Mr. KK Ho. Mr. KK Ho ceased to be related to our Group upon the disposal of his equity interest in our Group on 28 March 2018.

2. During the Track Record Period and until October 2017 (the "**Service Period**"), King Glory (i) provided administrative services to six of our restaurants, including Kichi Jyu, Daimanki MK, Daieiki MK, Deluxe Daieiki CWB, Deluxe Daieiki KT and Daikiya CWB and; (ii) received licence fees for the use of a trademark "Daimanki 大滿喜" from Global Great China. Our Directors confirmed that the administrative services provided by King Glory included matters relating to human resources, marketing, environmental, health and hygiene of restaurants and supporting services. The administrative expenses paid and payable to King Glory was charged at approximately 1.5% to 2.0% of the annual revenue of the six restaurants receiving the administrative services from King Glory during the Service Period. Our Directors are of the view that the administrative expenses paid and payable to King Glory were on normal commercial terms. As Mr. Lam had disposed of his

equity interests in King Glory in January 2018, King Glory ceased to provide any administrative services to our Group since then. To the best of our Directors' knowledge, information and belief, King Glory was not the subject of any material non-compliant incidents, claims, litigations or legal proceedings (whether actual or potential) during the Service Period. During FY2017 and FY2018, King Glory incurred a net loss of approximately HK$0.4 million and a net profit of approximately HK$0.9 million, respectively.

3. Others mainly included general office expenses, bank charges and entertainment expenditures.

Listing expenses

Listing expenses comprise of professional fees and other expenses incurred in connection to our Listing which amounted to approximately HK$0.5 million, HK$6.5 million and HK$5.6 million for FY2018, FY2019 and the four months ended 31 July 2019, respectively.

Finance cost, net

Our finance cost primarily consists of net of (i) imputed interest income from rental deposits, and (ii) interest expenses in relation to our bank borrowings and lease liabilities. For FY2017, FY2018, FY2019 and the four months ended 31 July 2019, our net finance cost amounted to approximately HK$5.0 million, HK$5.4 million, HK$4.7 million and HK$2.2 million, respectively.

The table below sets out the breakdown of our finance cost during the Track Record Period:

	FY2017	FY2018	FY2019	For the four months ended 31 July 2018	For the four months ended 31 July 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Imputed interest income					
— Rental deposits	561	772	886	289	331
Interest expenses					
— Bank borrowings	—	(64)	(93)	(31)	(31)
— Lease liabilities	(5,562)	(6,081)	(5,507)	(1,777)	(2,461)
Finance cost, net	(5,001)	(5,373)	(4,714)	(1,519)	(2,161)

Income tax expense

Our operations are subject to Hong Kong profits tax of 16.5% on estimated assessable profit arising in Hong Kong. We have no tax obligations arising from other jurisdictions during the Track Record Period. For more details, please see note 10 to the Accountant's Report in Appendix I to this prospectus.

For each of FY2017, FY2018, FY2019 and the four months ended 31 July 2019, our income tax expenses was approximately HK$10.8 million, HK$14.0 million, HK$20.2 million and HK$3.7 million, respectively, representing the effective tax rate of 18.7%, 27.3%, 18.0% and 22.5%, respectively. Excluding (i) share-based payment expenses of approximately HK$4.9 million for FY2017 and HK$35.9 million for FY2018 and (ii) listing expenses of approximately HK$0.5 million for FY2018, HK$6.5 million for FY2019 and HK$5.6 million for the four months ended 31 July 2019, which were non-deductible for tax purposes, our adjusted effective tax rate would be approximately 17.3%, 16.0%, 17.0% and 16.8% in the respective periods.

REVIEW OF HISTORICAL RESULTS OF OPERATION

FY2018 compared to FY2017

Revenue

Our revenue increased by approximately HK$158.0 million or 28.5% to approximately HK$713.2 million for FY2018 from approximately HK$555.2 million for FY2017. Such increase was primarily due to (i) the increase in revenue by approximately HK$89.9 million from commencement of four new restaurants namely, Deluxe Daikiya CWB, Daimanki KT, Deluxe Daieiki YL and Rock Salt CWB during FY2018; and (ii) approximately HK$64.6 million from the impact of the full year operation of Deluxe Daieiki KT for FY2018 as compared to the four-month operation for FY2017 since its commencement of operation in December 2016; (iii) general increase in revenue of existing restaurants, for instance we recorded an increase in revenue from Kichi Jyu by approximately HK$8.4 million, or 17.8%; and (iv) partly offset by slight decrease in revenue from certain existing restaurants mainly due to renovation and improvement works carried out during FY2018 which reduced our income during such period. From FY2017 to FY2018, the total number of customer visits increased from approximately 2.2 million to approximately 2.9 million while the average spending per customer slightly changed from approximately HK$250.0 to HK$246.3.

Other income

Other income increased by approximately HK$0.6 million or 54.0% to approximately HK$1.7 million for FY2018 from approximately HK$1.1 million for FY2017. The increase in other income was mainly due to the increase in proceeds from sale of food material scrap and sundry income such as bank interest income.

Cost of food and beverages

Cost of food and beverages increased by approximately HK$60.8 million or 22.1% to approximately HK$336.0 million for FY2018 from approximately HK$275.2 million for FY2017. Such increase was generally in line with the growth of our revenue of approximately 28.5%. As a percentage of our revenue, our cost of food and beverages represented 49.6% and 47.1% for FY2017 and FY2018, respectively. Such decrease was mainly attributable to our cost control measures and benefits from purchasing in bulk.

Employee benefits expenses and labour service charges

Our staff costs including employee benefits expenses and labour service charges increased by approximately HK$40.8 million or 38.7% to approximately HK$146.1 million for FY2018 from approximately HK$105.3 million for FY2017 which was in line with the growth of our revenue. Such increase was mainly due to the increase in the headcount of our employees as our number of restaurants increased from 10 to 14 and the general increase in the staff costs.

Our Group entered into service agreements in January 2018 with the Labour Service Provider, an Independent Third Party, pursuant to which the Labour Service Provider provides mainly casual workers to our Group in accordance with our request. Therefore, we incurred labour service charge of approximately HK$10.6 million during FY2018 due to our increased demand of labour source.

Share-based payment expenses

Share-based payment increased by approximately HK$31.0 million or 6.3 times to approximately HK$35.9 million for FY2018 from approximately HK$4.9 million for FY2017.

Depreciation

Our depreciation charge increased by approximately HK$20.3 million or 32.4% to approximately HK$82.9 million for FY2018 from approximately HK$62.6 million for FY2017. Such increase was mainly due to an increase in depreciation charge of right-of-use assets of approximately HK$14.9 million and property, plant and equipment of approximately HK$5.4 million for FY2018, respectively. As a percentage of our revenue, our depreciation charge remained relatively stable at 11.3% and 11.6% for FY2017 and FY2018, respectively.

The increase in depreciation charge of right-of-use assets of approximately HK$14.9 million was mainly due to the opening of four new restaurants, namely Deluxe Daikiya CWB, Daimanki KT, Deluxe Daieiki YL and Rock Salt CWB during FY2018.

The depreciation charge of property, plant and equipment increased by approximately HK$5.4 million for FY2018, of which approximately HK$4.0 million was due to leasehold improvements to our office and the four new restaurants opened during FY2018 and approximately HK$1.2 million was due to the addition of restaurant and kitchen equipment.

Utility expenses

Utility expenses increased by approximately HK$3.5 million or 32.4% to approximately HK$14.3 million for FY2018 from approximately HK$10.8 million for FY2017. Such increase was slightly higher than that of the revenue increase of approximately 28.5% which was mainly attributable to the incurred upfront costs such as gas, water and electricity from new restaurants before their grand openings.

Other operating expenses

Other operating expenses increased by approximately HK$8.1 million or 23.5% to approximately HK$42.6 million for FY2018 from approximately HK$34.5 million for FY2017. The increase was primarily due to increase in credit payment commission, cleaning and laundry expenses, rent and rates, and advertising and promotion expenses, as a result of the grand opening of four new restaurants during FY2018.

Finance cost, net

Net finance cost increased by approximately HK$0.4 million or 8.0% to approximately HK$5.4 million for FY2018 from approximately HK$5.0 million for FY2017. The increase was primarily due to the increase in the interest expenses in respect of our lease liabilities as we opened four new restaurants during FY2018 and the interest payable for increased bank borrowings by our Group for FY2018.

Income tax expense

Income tax expense increased by approximately HK$3.2 million, or approximately 29.6%, from approximately HK$10.8 million for FY2017 to approximately HK$14.0 million for FY2018. Such increase was mainly due to the increase in number of restaurants that resulted in more assessable income generated by our Group. For each of FY2017 and FY2018, our effective tax rate was approximately 18.7% and 27.3% respectively. Excluding (i) share-based payment expenses of approximately HK$4.9 million for FY2017 and HK$35.9 million for FY2018 and (ii) listing expenses of approximately HK$0.5 million for FY2018, which were non-deductible for tax purpose, our adjusted effective tax rate remained stable, at approximately 17.3% and 16.0% for respective periods.

Profit for the year

As a result of the foregoing, our profit for the year decreased by approximately HK$9.8 million or approximately 20.8% from approximately HK$47.1 million in FY2017 to approximately HK$37.3 million in FY2018 and our net profit margin decreased from approximately 8.5% for FY2017 to approximately 5.2% for FY2018. If we adjust the net profit margin by (i) adding back the share-based payment of approximately HK$4.9 million for FY2017; and (ii) adding back the share-based payment of approximately HK$35.9 million and listing expenses of approximately HK$0.5 million for FY2018 respectively, our Group would have recorded an adjusted net profit of approximately HK$52.0 million and HK$73.7 million, and an adjusted net profit margin of approximately 9.4% for FY2017 and 10.3% for FY2018.

FY2019 compared to FY2018

Revenue

Our revenue increased by approximately HK$125.8 million or 17.6% to approximately HK$839.0 million for FY2019 from approximately HK$713.2 million for FY2018. Such increase was primarily due to (i) the increase in revenue by approximately HK$122.8 million as restaurants commenced their operation during FY2018 came into full year operation during FY2019, namely Deluxe Daikiya CWB, Daimanki KT, Deluxe Daieiki YL and Rock Salt CWB; (ii) the general increase in revenue of existing restaurants such as approximately HK$5.0 million from Joy Daikiya, HK$5.4 million from Tono Daikiya and HK$5.5 million from Deluxe Daieiki KT; and (iii) the partial offset by decreased revenue of approximately HK$6.7 million in Daieiki MK due to renovation works in the same building during FY2019. As compared to FY2018, although the average spending per customer slightly reduced from HK$246.3 to HK$239.8, the increased total number of customer visits (from approximately 2.9 million to approximately 3.5 million) was the key driver for our Group's revenue growth during FY2019.

Other income

Other income in FY2018 and FY2019 was stable at approximately HK$1.7 million, representing approximately 0.2% of our total revenue in both years.

Cost of food and beverages

Cost of food and beverages increased by approximately HK$36.6 million or 10.9% to approximately HK$372.6 million for FY2019 from approximately HK$336.0 million for FY2018. The percentage increase was lower than the percentage increase in revenue of approximately 17.6%, mainly attributable to the benefits from purchasing in bulk we enjoyed as the four new restaurants during FY2018 brings us the economies of scale of our operation during FY2019. As a percentage of our revenue, our cost of food and beverages represented 47.1% and 44.4% for FY2018 and FY2019, respectively.

Employee benefits expenses and labour service charges

Our staff costs increased by approximately HK$48.4 million or 33.1% to approximately HK$194.5 million for FY2019 from approximately HK$146.1 million for FY2018. While our number of restaurants remained steady, our staff cost increased in line with revenue owing to the full year impact of staff costs from restaurants commenced their operation during FY2018. During FY2019, labour service charges significantly increased by approximately HK$43.9 million or 414.2% to approximately HK$54.5 million for FY2019 from approximately HK$10.6 million for FY2018. This is mainly attributable to the full year utilisation of casual workers from the Labour Service Provider during FY2019. In addition, head office and workshop staff costs also increased in order to support our preparation of Listing and business expansion.

Share-based payment expenses

We did not incur any share-based payment expenses for FY2019.

Depreciation

Our depreciation charge increased by approximately HK$7.1 million or 8.6% to approximately HK$90.0 million for FY2019 from approximately HK$82.9 million for FY2018. Such increase was mainly due to the increase in depreciation charge of right-of-use assets of approximately HK$7.0 million for FY2019. As a percentage of our revenue, our depreciation charge remained relatively stable at 11.6% and 10.7% for FY2018 and FY2019, respectively. The increase in depreciation charge of right-of-use assets of approximately HK$7.0 million was mainly due to the increase in leases from the full year impact of the four new restaurants opened during FY2018.

Utility expenses

Utility expenses increased by approximately HK$2.6 million or 18.2% to approximately HK$16.9 million for FY2019 from approximately HK$14.3 million for FY2018 as a result of increase in number of comparable restaurants in FY2019 and in line with the revenue growth of approximately 17.6%.

Other operating expenses

Other operating expenses slightly increased by approximately HK$0.6 million or 1.4% to approximately HK$43.2 million for FY2019 from approximately HK$42.6 million for FY2018. The increase was primarily due to (i) the increase in credit payment commission by HK$2.1 million and rent and rates by HK$1.9 million; and (ii) partially offset by no further administrative services fee charged by King Glory during FY2019 while we recognised administrative services fee of approximately HK$3.4 million in FY2018.

Finance cost, net

Net finance cost decreased by approximately HK$0.7 million or 13.0% to approximately HK$4.7 million for FY2019 from approximately HK$5.4 million for FY2018. With the adoption of HKFRS 16, lease liabilities diminish over the lease term, lesser finance cost is allocated from the lease payments when the leases approach to expiry. Hence, such decrease was mainly due to the closure of Daikiya CWB in March 2019 that resulting in a decreased finance cost.

Income tax expense

Income tax expense increased by approximately HK$6.2 million, or approximately 44.0%, from approximately HK$14.0 million for FY2018 to approximately HK$20.2 million for FY2019. The increase was mainly driven by the full year operation of four new restaurants in FY2018 and enhanced operational performance benefited from the economies of scale of our operation as discussed above and thus more assessable income generated during FY2019. For each of FY2018 and FY2019, our effective tax rate was approximately 27.3% and 18.0% respectively. Excluding (i) share-based payment expenses of approximately HK$35.9 million for FY2018 and (ii) listing expenses of approximately HK$0.5 million for FY2018 and HK$6.5 million for FY2019, which were non-deductible for tax purpose, our adjusted effective tax rate remained stable, at approximately 16.0% and 17.0% for respective periods.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately HK$54.9 million or approximately 147.2% from approximately HK$37.3 million for FY2018 to approximately HK$92.2 million in FY2019 and our adjusted net profit margin (after excluding share-based payment expenses and listing expenses) increased from approximately 10.3% for FY2018 to approximately 11.8% for FY2019. The improvement in net profit margin during FY2019 is primarily due to the benefits from purchasing in bulk brought by the expansion of our Group's restaurant network.

Four months ended 31 July 2019 compared to four months ended 31 July 2018

Revenue

Our revenue decreased by approximately HK$25.4 million or 8.8% to approximately HK$263.4 million for the four months ended 31 July 2019 from approximately HK$288.9 million for the four months ended 31 July 2018. Such decrease was primarily due to (i) general net decrease in revenue by approximately HK$30.3 million of existing restaurants resulting from the decrease in number of customer visits in relation to the social unrest since June 2019; (ii) a decrease in revenue by approximately HK$9.9 million due to the closure of Daikiya CWB in March 2019; and (iii) partly offset by the increase in revenue by approximately HK$14.8 million from the commencement of Daikiya ST in June 2019. During the four months ended 31 July 2018 and 2019, the total number of customer visits decreased from approximately 1.2 million to approximately 1.1 million while the average spending per customer maintained at similar level of approximately HK$240.0 and HK$238.0, respectively.

Other income

Other income for the four months ended 31 July 2018 and 2019 was approximately HK$0.6 million and HK$0.7 million, respectively, representing approximately 0.2% and 0.3% of our total revenue.

Cost of food and beverages

Cost of food and beverages decreased by approximately HK$10.6 million or 8.3% to approximately HK$117.7 million for the four months ended 31 July 2019 from approximately HK$128.3 million for the four months ended 31 July 2018. Such decrease was generally in line with the decrease in our revenue of approximately 8.8%. As a percentage of our revenue, our cost of food and beverages was stable at approximately 44.4% and 44.7% for the four months ended 31 July 2018 and 2019, respectively.

Employee benefits expenses and labour service charges

Our staff costs including employee benefits expenses and labour service charges increased by approximately HK$4.5 million or 7.1% to approximately HK$68.3 million for the four months ended 31 July 2019 from approximately HK$63.8 million for the four months ended 31 July 2018. Such increase was mainly due to (i) increase in head office staff costs to support our preparation of Listing and business expansion; and (ii) upfront costs incurred for the opening of Daikiya ST during the four months ended 31 July 2019.

Share-based payment expenses

We did not incur any share-based payment expenses for the four months ended 31 July 2018 and 2019.

Depreciation

Our depreciation charge increased by approximately HK$2.2 million or 7.3% to approximately HK$32.3 million for the four months ended 31 July 2019 from approximately HK$30.1 million for the four months ended 31 July 2018. Such increase was mainly due to the increase in depreciation charge of right-of-use assets of approximately HK$3.1 million for the four months ended 31 July 2019. As a percentage of our revenue, our depreciation charge slightly increased from approximately 10.4% for the four months ended 31 July 2018 to 12.3% for the four months ended 31 July 2019. The increase in depreciation charge of right-of-use assets of approximately HK$3.1 million was mainly due to (i) the opening of Daikiya ST in June 2019; (ii) the increase in rent of our certain restaurants' leases (such as Joy Daikiya, Daimanki MK and Deluxe Daieiki CWB) which renewed after 31 July 2018; and partly offset by the closure of Daikiya CWB in March 2019.

Utility expenses

Utility expenses decreased by approximately HK$0.3 million or 5.0% to approximately HK$5.7 million for the four months ended 31 July 2019 from approximately HK$6.0 million for the four months ended 31 July 2018. Such decrease is in line with the decrease in revenue by approximately 8.8% for the same period.

Other operating expenses

Other operating expenses increased by approximately HK$1.9 million or 13.4% to approximately HK$16.1 million for the four months ended 31 July 2019 from approximately HK$14.2 million for the four months ended 31 July 2018. The increase was primarily due to increase in pre-commencement expenses such as restaurant supplies and consumables, rent and rates, insurance and license fee in relation to the grand opening of Daikiya ST in June 2019.

Finance cost, net

Net finance cost increased by approximately HK$0.7 million or 46.7% to approximately HK$2.2 million for the four months ended 31 July 2019 from approximately HK$1.5 million for the four months ended 31 July 2018. The increase was primarily due to the increase in the interest expenses in respect of our lease liabilities by approximately HK$0.7 million as we opened Daikiya ST in June 2019.

Income tax expense

Income tax expense decreased by approximately HK$3.8 million, or approximately 50.7%, from approximately HK$7.5 million for the four months ended 31 July 2018 to approximately HK$3.7 million for the four months ended 31 July 2019. Such decrease was mainly due to the overall decrease in our revenue and the increase in employee benefits expenses and other operating expenses that resulted in less assessable income generated by our Group. For the four months ended 31 July 2018 and 2019, our effective tax rate was approximately 16.7% and 22.5%, respectively. Excluding listing expenses of approximately HK$0.5 million and HK$5.6 million for the four months ended 31 July 2018 and 2019, which were non-deductible for tax purpose, our adjusted effective tax rate remained stable, at approximately 16.5% and 16.8% for respective periods.

Profit for the period

As a result of the foregoing, our profit for the period decreased by approximately HK$24.8 million or approximately 66.1% from approximately HK$37.5 million for the four months ended 31 July 2018 to approximately HK$12.7 million for the four months ended 31 July 2019 and our net profit margin decreased from approximately 13.0% for the four months ended 31 July 2018 to approximately 4.8% for the four months ended 31 July 2019. If we adjust the net profit margin by listing expenses of approximately HK$0.5 million and HK$5.6 million for the four months ended 31 July 2018 and 2019, respectively, our Group would have recorded an adjusted net profit of approximately HK$38.0 million and HK$18.2 million, and an adjusted net profit margin of approximately 13.2% and 6.9% for the four months ended 31 July 2018 and 2019, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash are for the payment of procurement of food and beverages from suppliers, staff costs, lease payments, various operating expenses and capital expenditure and have been funded through a combination of cash generated from our operations, bank borrowings and advance from our shareholders. Upon completion of the Share Offer, we currently expect that there will not be any material change in the sources and uses of cash of our Group in the future, except that we would have additional funds from proceeds of the Share Offer for implementing our future plans as detailed "Future plans and use of proceeds" in this prospectus.

The following table summarises, for the periods indicated, our combined statements of cash flows:

	FY2017	**FY2018**	**FY2019**	**For the four months ended 31 July 2018**	**For the four months ended 31 July 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Net cash flows generated from operating activities	125,095	160,905	163,499	76,770	45,447
Net cash flows (used in)/ generated from investing activities	(78,643)	(52,830)	(11,245)	(3,212)	1,979
Net cash flows used in financing activities	(40,046)	(117,670)	(136,262)	(22,609)	(58,083)
Net increase/(decrease) in cash and cash equivalents	6,406	(9,595)	15,992	50,949	(10,657)
Cash and cash equivalents at beginning of year/period	69,330	75,736	66,141	66,141	82,133
Cash and cash equivalents at end of year/period	75,736	66,141	82,133	117,090	71,476

Operating activities

During Track Record Period, our cash inflow from operating activities was principally from the receipt of proceeds from our revenue from restaurant operations. Our cash outflow used in operating activities was principally for the payments for food and beverages, employee benefits expense and labour service charges and lease payments.

For FY2017, our Group had net cash flows generated from operating activities of approximately HK$125.1 million, which consisted of cash generated from operations of approximately HK$132.2 million, offset by interest paid of approximately HK$5.6 million and Hong Kong profits tax paid of approximately HK$1.5 million. Our cash flow before working capital adjustments was approximately HK$130.5 million. Positive working capital adjustments reflected an increase in trade payables, other payables and accruals of approximately HK$11.5 million. The changes in working capital was partially offset by (i) an increase in trade receivables, prepayments, deposits and other receivables of approximately HK$4.5 million; and (ii) a net cash outflow to related parties in connection with trade nature balances of approximately HK$5.6 million.

For FY2018, our Group had net cash flows generated from operating activities of approximately HK$160.1 million, which consisted of cash generated from operations of approximately HK$175.0 million, offset by interest paid of approximately HK$6.1 million and Hong Kong profits tax paid of approximately HK$8.0 million. Our cash flow before working capital adjustments was approximately HK$175.4 million. Positive working capital adjustments reflected an increase in trade payables, other payables and accruals of approximately HK$25.6 million, which was primarily attributable to (i) an increase in trade payables in relation to more procurement from our food and beverages suppliers as a result of the expansion of our restaurant network; and (ii) an increase in other payables and accruals such as accrued employee benefits expense. The changes in working capital was partially offset by (i) an increase in trade receivables, prepayments, deposits and other receivables by approximately HK$19.4 million, which was mainly attributable to 31 March 2018 fell on Saturday while banks typically remitted funds on weekdays and increased rental and utilities deposits resulting from the increase in the number of our restaurants; and (ii) a net cash outflow to related parties in connection with trade nature balances of approximately HK$5.0 million.

For FY2019, our Group had net cash flows generated from operating activities of approximately HK$163.5 million, which consisted of cash generated from operations of approximately HK$192.3 million, offset by interest paid of approximately HK$5.6 million and Hong Kong profits tax paid of approximately HK$23.2 million. Our cash flow before working capital adjustments was approximately HK$207.4 million. Negative working capital adjustments reflected (i) an increase in trade receivables, prepayments, deposits and other receivables by approximately HK$8.2 million, which is mainly due to more prepayments as at year end, such as listing expenses and property, plant and equipment and more rental and utilities deposits paid for our restaurants; (ii) a decrease in trade payables, other payables and accruals of approximately HK$6.6 million owing to settlement of provision, provided for shortfall in MPF contributions; and (iii) a net decrease in amounts due from related parties of approximately HK$0.7 million.

For the four months ended 31 July 2019, our Group had net cash flows generated from operating activities of approximately HK$45.4 million, which consisted of cash generated from operations of approximately HK$57.8 million, offset by interest paid of approximately HK$2.5 million and Hong Kong profits tax paid of approximately HK$9.9 million. Our cash flow before working capital adjustments was approximately HK$50.9 million. Positive working capital adjustments reflected (i) a decrease in trade receivables, prepayments, deposits and other receivables by approximately HK$6.1 million, which is mainly due to decrease in trade receivables resulting from more settlements received and decrease in prepayments for property, plant and equipment as at year end; (ii) an increase in trade payables, other payables and accruals of approximately HK$1.7 million; and (iii) a net cash outflow to related parties of approximately HK$0.2 million.

Investing activities

Our cash flows used in investing activities mainly consisted of purchases of property, plant and equipment and cash advance to our shareholders and related parties.

For FY2017, our Group had net cash flows used in investing activities of HK$78.6 million, which was primarily due to (i) the purchases of property, plant and equipment amounting to approximately HK$15.0 million which were mainly for our restaurant operation; and (ii) cash advance to our shareholders and related parties of approximately HK$57.6 million and HK$6.1 million, respectively.

For FY2018, our Group had net cash flows used in investing activities of HK$52.8 million, which was primarily due to (i) the purchases of property, plant and equipment amounting to approximately HK$35.6 million which mainly included our office premises acquired and leasehold improvements for our restaurants opened during FY2018; (ii) cash advance to our shareholders of approximately HK$19.2 million; and (iii) repayment from related parties of approximately HK$1.9 million.

For FY2019, our Group had net cash flows used in investing activities of HK$11.2 million, which was primarily due to (i) the purchases of property, plant and equipment amounting to approximately HK$5.0 million; and (ii) cash advance to our shareholders and related parties of approximately HK$2.4 million and HK$3.9 million, respectively.

For the four months ended 31 July 2019, our Group had net cash flows generated from investing activities of HK$2.0 million, which was primarily due to repayments from our related parties of approximately HK$6.9 million and offset by the purchases of property, plant and equipment amounting to approximately HK$4.9 million.

Financing activities

Our cash flows from financing activities primarily include withdrawal of borrowings and capital contribution by our shareholders while cash flows used in financing activities primarily include listing expenses paid, dividend paid, lease payments of our restaurants, workshops and office premises to settle principal elements of finance lease, repayment of borrowings and cash advances to related parties.

For FY2017, our Group had net cash flows used in financing activities of approximately HK$40.0 million, which was primarily due to lease payments to settle principal elements of finance lease amounting to HK$47.8 million, offset by capital contribution by our shareholders of approximately HK$1.2 million and cash advance from related parties of approximately HK$6.6 million.

For FY2018, our Group had net cash flows used in financing activities of approximately HK$117.7 million, which was primarily due to (i) dividend payment of HK$60.0 million; and (ii) lease payments to settle principal elements of finance lease amounting to HK$61.9 million, which were partially offset by the proceeds from new borrowings of approximately HK$4.5 million.

For FY2019, our Group had net cash flows used in financing activities of approximately HK$136.3 million, which was primarily due to (i) lease payments to settle principal elements of finance lease amounting to HK$73.2 million; (ii) dividend payment of HK$60.0 million; and (iii) listing expense paid of approximately of HK$1.9 million.

For the four months ended 31 July 2019, our Group had net cash flows used in financing activities of approximately HK$58.1 million, which was primarily due to (i) lease payments to settle principal elements of finance lease amounting to HK$24.8 million; (ii) dividend payment of HK$30.0 million; (iii) repayment of amount due to our related parties of approximately HK$3.2 million; (iv) listing expense paid of approximately of HK$1.6 million; and partly offset by the capital contribution by shareholders of our Company of approximately HK$1.5 million.

Net current liabilities

We recorded net current liabilities of approximately HK$1.9 million, HK$107.8 million, HK$24.4 million, HK$69.7 million and HK$72.8 million as at 31 March 2017, 2018, 2019, 31 July 2019 and 30 November 2019, respectively. The table below sets out selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 March			As at 31 July	As at 30 November
	2017	**2018**	**2019**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)
Current assets					
Inventories	2,044	3,617	3,183	3,719	3,591
Prepayments	3,490	2,608	7,903	9,959	6,605
Deposits and other receivables	3,891	24,802	16,727	16,891	15,898
Amounts due from related parties	11,122	10,082	13,942	7,061	7,076
Amounts due from shareholders	16,709	—	—	—	—
Trade receivables	1,566	6,553	5,871	890	3,478
Income tax recoverable	328	—	—	—	—
Cash and cash equivalents	75,736	66,141	82,133	71,476	63,726
	114,886	113,803	129,759	109,996	100,374
Current liabilities					
Borrowings	—	4,334	4,151	4,089	4,028
Trade payables	15,476	23,270	23,300	25,485	16,108
Other payables and accruals	18,925	35,609	29,766	29,231	28,721
Dividend payable	—	63,130	708	30,708	30,708
Lease liabilities	54,733	64,672	69,193	71,981	75,602
Amounts due to related parties	10,003	5,722	4,084	688	688
Current income tax liabilities	17,677	24,818	22,998	17,538	17,296
	116,814	221,555	154,200	179,720	173,151
Net current liabilities	(1,928)	(107,752)	(24,441)	(69,724)	(72,777)

Our Group's net current liabilities increased significantly from approximately HK$1.9 million as at 31 March 2017 to approximately HK$107.8 million as at 31 March 2018, which is primarily attributable to the dividend declared in FY2018 amounting to approximately HK$159.0 million and partly offset by the profit generated during the year. The increase in net current liabilities by approximately HK$105.9 million include: (i) dividend payable of approximately HK$63.1 million while there was no such amount in prior year; (ii) the decrease in cash and cash equivalents of approximately HK$9.6 million; (iii) the increase in certain current liabilities items including other payables and accruals, lease liabilities and trade payables amounting to HK$16.7 million, HK$9.9 million and HK$7.8 million, respectively; (iv) the settlements of amounts due from shareholders of approximately HK$16.7 million by way of dividend distribution; and partially offset by the increase in deposits and other receivables, amounting to approximately HK$20.9 million.

Our Group's net current liabilities reduced from approximately HK$107.8 million as at 31 March 2018 to HK$24.4 million as at 31 March 2019. Such improvement was mainly attributable to the profit generated for FY2019 amounting to HK$92.2 million and no dividend declared during such period. The decrease in net current liabilities by approximately HK$83.4 million include: (i) a decrease in dividend payable of approximately HK$62.4 million; (ii) the net increase in cash and cash equivalents of approximately HK$16.0 million; (iii) the increased prepayments of approximately HK$5.3 million; (iv) the decreased other payables and accruals of approximately HK$5.8 million; and partially offset by the decrease in deposits and other receivables of approximately HK$8.1 million.

Our Group's net current liabilities increased from approximately HK$24.4 million as at 31 March 2019 to HK$69.7 million as at 31 July 2019. Such increase in net current liabilities of approximately HK$45.3 million include (i) the increased dividend payable of approximately HK$30.0 million; (ii) the decrease in cash and cash equivalents, amounts due from related parties and trade receivables of approximately HK$10.7 million, HK$6.9 million and HK$5.0 million, respectively; and partially offset by the decreased current income tax liabilities of approximately HK$5.5 million mainly attributable to tax payments made during the period.

Our Group's net current liabilities increased from approximately HK$69.7 million as at 31 July 2019 to HK$72.8 million as at 30 November 2019. The increase in net current liabilities by approximately HK$3.1 million include: (i) the increase in current portion of lease liabilities by approximately HK$3.6 million mainly due to lease commencement of Rock Salt MK in October 2019; (ii) the decreases in prepayments and cash and cash equivalents of approximately HK$3.4 million and HK$7.8 million, respectively; and partially offset by the decrease in trade payables and the increase in trade receivables of approximately HK$9.4 million and HK$2.6 million respectively.

Reasons for our net current liabilities position as at 31 March 2017, 2018 and 2019, 31 July 2019 and 30 November 2019

Our Group had net current liabilities of approximately HK$1.9 million, HK$107.8 million, HK$24.4 million, HK$69.7 million and HK$72.8 million as at 31 March 2017, 2018 and 2019, 31 July 2019 and 30 November 2019, respectively, of which approximately HK$54.7 million, HK$64.7 million, HK$69.2 million, HK$72.0 million and HK$75.6 million were lease liabilities where the corresponding right-of-use assets were recognised as non-current assets. Such lease liabilities mainly arose from all our restaurants in Hong Kong as leased premises upon the early adoption of HKFRS 16 "Leases".

As compared to 31 March 2017, the significant increase in net current liabilities position as at 31 March 2018 was primarily due to the declared dividend of HK$159 million during FY2018, resulting in an outstanding dividend payable of approximately HK$63.1 million as at 31 March 2018.

As compared to 31 March 2019, the significant increase in net current liabilities position as at 31 July 2019 was primarily due to the declared dividend of HK$60 million during the four months ended 31 July 2019, resulting in an outstanding dividend payable of approximately HK$30.7 million as at 31 July 2019.

Our Director's view

Our Directors consider that our Group has sufficient financial resources to meet its liquidity needs based on the following:

(i) Our Group considered the abovementioned right-of-use assets could generate sufficient cash flows to cover the lease liabilities under normal circumstances. Excluding the current portion of lease liabilities which represents the net present value of its future rental that is only liable to be paid month by month in the coming one year from the balance sheet date for illustrative purpose, the financial position as at 31 March 2017 and 2019, 31 July 2019 and 30 November 2019 were net current assets of approximately HK$52.8 million, HK$44.8 million, HK$2.3 million and HK$2.8 million, respectively. While the financial position as at 31 March 2018 remained as net current liabilities of approximately HK$43.1 million, which was mainly due to the outstanding dividend of approximately HK$63.1 million. Such dividend payable was substantially settled during FY2019 and reduced to approximately HK$0.7 million as at 31 March 2019.

(ii) Our Group had recorded stable cash inflow from our operating activities of approximately HK$125.1 million, HK$160.9 million, HK$163.5 million and HK$45.4 million for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, respectively. We believe our Group is able to fund our liability and capital requirements primarily from funds generated from our operating activities and internal funds.

Working capital sufficiency

Our Directors confirm that, taking into consideration the financial resources presently available to us, including banking facilities and other internal resources, and the estimated net proceeds from the Share Offer, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

Save as disclosed in this prospectus, our Directors are not aware of any other factors that would have a material impact on our Group's liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in "Future Plans and Use of Proceeds" in this prospectus.

DESCRIPTION OF CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

Our property, plant and equipment primarily consisted of buildings, leasehold improvements, restaurant and kitchen equipment, and office equipment. As at 31 March 2017 and 2018, the net carrying amounts of our property, plant and equipment were approximately HK$40.3 million and HK$47.9 million, respectively. The increase of approximately HK$7.6 million or 18.9% in our property, plant and equipment was primarily due to additions of approximately HK$25.5 million, which mainly included leasehold improvements of approximately HK$16.8 million and restaurant and kitchen equipment of approximately HK$5.6 million primarily attributable to the four new restaurants opened during FY2018. The balance was then partially offset by the depreciation charges during the year of approximately HK$18.0 million.

As at 31 March 2018 and 2019, the net carrying amounts of our property, plant and equipment were approximately HK$47.9 million and HK$30.8 million, respectively. The decrease of approximately HK$17.1 million or 35.7% in our property, plant and equipment was primarily due to the depreciation charges during the year of approximately HK$18.1 million; and offset by additions of office equipment and restaurant and kitchen equipment of approximately HK$0.7 million and HK$0.4 million, respectively.

As at 31 March and 31 July 2019, the net carrying amounts of our property, plant and equipment were approximately HK$30.8 million and HK$34.2 million, respectively. The increase of approximately HK$3.4 million or 11.0% in our property, plant and equipment was primarily due to additions of approximately HK$8.9 million, which mainly included leasehold improvements of approximately HK$7.4 million and restaurant and kitchen equipment of approximately HK$1.2 million primarily attributable to the opening of Daikiya ST during the four months ended 31 July 2019. The balance was then partially offset by the depreciation charges during the period of approximately HK$5.5 million.

Right-of-use assets

Our right-of-use assets consisted of (i) land portion of a self-owned office premises (ii) properties and (iii) motor vehicles. The leased properties mainly comprised of all restaurants, workshops and office premises. For details of our lease, please refer to "Business — Properties" in this prospectus. The following table sets forth our right-of-use assets as at the dates indicated:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Land	—	10,327	10,206	10,165
Properties	138,553	146,585	161,628	186,150
Motor vehicles	716	524	334	270
Total	139,269	157,436	172,168	196,585

As at 31 March 2017 and 2018, the right-of-use assets were approximately HK$139.3 million and HK$157.4 million, respectively. The increase of approximately HK$18.1 million or 13.0% was primarily attributable to (i) addition to the right-of-use assets during FY2018 amounting to approximately HK$83.0 million; and (ii) partially offset by the depreciation charges amounting to approximately HK$64.9 million. The increased amount in leased properties is mainly due to the opening of four more new restaurants and acquisition of an office premises during FY2018.

As at 31 March 2018 and 2019, the right-of-use assets were approximately HK$157.4 million and HK$172.2 million, respectively. The increase of approximately HK$14.8 million or 9.4% was primarily attributable to (i) addition to the right-of-use assets during FY2019 amounting to approximately HK$86.7 million; and (ii) partially offset by the depreciation charge amounting to approximately HK$71.9 million. The increased amount in leased properties is due to the renewals of leases including Deluxe Daikiya TST and Joy Daikiya during FY2019. The renewed lease period resulted in higher amount of right-of-use assets.

As at 31 March and 31 July 2019, the right-of-use assets were approximately HK$172.2 million and HK$196.6 million, respectively. The increase of approximately HK$24.4 million or 14.2% was primarily attributable to (i) addition to the right-of-use assets during the four months ended 31 July 2019 amounting to approximately HK$51.2 million, which mainly included the leased properties of Daikiya ST that came into operating since June 2019; and (ii) offset by the depreciation charge amounting to approximately HK$26.8 million.

Inventory

Our inventories consist of food and consumables for restaurant operations. To minimise the risk of building up inventory, we review our inventory levels and perform monthly inventory count in all our restaurants and workshops. We believe that maintaining appropriate levels of inventories helps us deliver our food and beverages to meet the market demands in a timely manner without straining our liquidity. We regularly review our inventory levels to keep the food ingredients and supplies fresh and reduce wastage. See "Business — Procurement — Inventory" of this prospectus for details of inventory management. The value of our inventories maintained at a relatively stable level of approximately HK$2.0 million, HK$3.6 million, HK$3.2 million and HK$3.7 million as at 31 March 2017, 2018 and 2019 and 31 July 2019, respectively, representing approximately 1.8%, 3.2%, 2.5% and 3.4% of our total current assets. The increased balance of inventory level as at 31 March 2018 and 2019 as compared to the balance as at 31 March 2017 was mainly attributable to the increased demand from our new restaurants during FY2018. During the Track Record Period, no provision for impairment of inventories was recorded.

The following table sets forth the average turnover days of our inventories for the periods indicated.

	FY2017	**FY2018**	**FY2019**	**For the four months ended 31 July 2019**
Inventory turnover days *(Note)*	3 days	3 days	3 days	4 days

Note: Inventory turnover days were calculated using the average balance of inventory divided by cost of food and beverages for the relevant period and multiplied by 365 days for FY2017, FY2018 and FY2019 and 121 days for the four months ended 31 July 2019. Average balance of inventory is calculated as the sum of the beginning and the ending balance for the relevant period divided by two.

Our average inventory turnover days remained steady and at a relatively low level of three days during the Track Record Period. This is in line with our Group's inventory management policy to keep the freshness of food ingredients, especially those fresh and perishable food ingredients.

As at the Latest Practicable Date, our inventories as at 31 July 2019 had been fully sold or utilised.

Trade receivables

As at 31 March 2017, 2018, 2019 and 31 July 2019, our trade receivables primarily comprised receivables from credit card institutions in relation to payment settled by credit cards by our restaurant customers.

The following table sets forth our trade receivables as at the dates indicated:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Credit card receivables	1,566	6,553	5,871	890

As at 31 March 2017, 2018 and 2019 and 31 July 2019, our trade receivables amounted to approximately HK$1.6 million, HK$6.6 million, HK$5.9 million and HK$0.9 million, respectively. Our Group's trade receivables are mainly denominated in HK$. The carrying value of trade receivables approximate their fair values due to their short-term maturities. Our trade receivables balance as at 31 March 2018 and 31 March 2019 is relatively higher than the balance as at 31 March 2017 and 31 July 2019, which was primarily due to the fact that 31 March 2018 and 31 March 2019 fell on a weekend and our banks delayed remittance of funds to us on the next working day.

For trade receivables from credit card institutions in relation to the customers' payment settled by credit cards, the settlement period is normally within 3 days from the transaction date. Generally, there is no credit period granted to customers. We typically do not require any collateral as security.

For impairment of trade receivables, we assess on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Our Group applied the simplified approach permitted by HKFRS 9 "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The following table sets forth the aging analysis of our trade receivables, based on the invoice date, as at the dates indicated:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
1 to 30 days	1,566	6,553	5,871	890

As at 31 March 2017, 2018 and 2019 and 31 July 2019, trade receivables of approximately HK$1.6 million, HK$6.6 million, HK$5.9 million and HK$0.9 million respectively were fully performing. Our Group's trade receivables balance does not contain credit impaired assets.

As at the Latest Practicable Date, all of our trade receivables outstanding as at 31 July 2019 were settled.

The table below sets forth a summary of trade receivables turnover days as at the dates indicated:

	FY2017	**FY2018**	**FY2019**	**For the four months ended 31 July 2019**
Trade receivables turnover days *(Note)*	1 day	2 days	3 days	2 days

Note: Trade receivables turnover days are calculated using the average balances of trade receivables divided by sales for the relevant period and multiplied by 365 days for FY2017, FY2018 and FY2019 and 121 days for the four months ended 31 July 2019. Average balance of trade receivables is calculated as the sum of the beginning and the ending balance for the relevant period divided by two.

Our trade receivable turnover days were approximately 1 day, 2 days, 3 days and 2 days for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, respectively, which is in line with the settlement period of credit card institutions of within 3 days from transaction date.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables mainly comprised (i) prepaid listing expenses; (ii) prepayments; (iii) rental and utilities deposits for the premises of our restaurants, office premises and workshops; and (iv) other receivables. The following table sets forth the breakdown of our other receivables as at the dates indicated.

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Prepaid listing expenses	—	150	2,238	3,647
Prepayments	3,490	2,458	5,665	6,312
Rental and utilities deposits	3,717	17,735	9,979	12,085
Other receivables *(Note)*	174	7,067	6,748	4,806
Subtotal	7,381	27,410	24,630	26,850
Non-current				
Prepayment for property, plant and equipment	392	—	3,581	16
Rental and utilities deposits	16,594	10,810	23,578	22,053
Subtotal	16,986	10,810	27,159	22,069
Total	24,367	38,220	51,789	48,919

Note: Other receivables included receivables from King Glory, Global Great China and Wealthy Mark, which were related parties of our Group as at 31 March 2017. They were no longer related parties to our Group as at 31 March 2018 and 2019 upon the cessation of directorship or disposal of shares in respective companies by Mr. Lam and/or Mr. KK Ho during the year ended 31 March 2018. See note 18 "Related parties balances and transactions" set out in Accountant's Report in Appendix I to this prospectus for details. As at 31 March 2018 and 2019, these receivables were recorded as other receivables accordingly.

Our prepayments, deposits and other receivables increased by approximately HK$13.8 million or 56.6% from approximately HK$24.4 million as at 31 March 2017 to approximately HK$38.2 million as at 31 March 2018, which was mainly due to the combined effects of (i) an increase in rental and utilities deposits (including current and non-current portion) of approximately HK$8.2 million mainly resulting from the opening of four new restaurants; (ii) an increase in other receivables of approximately HK$6.9 million representing receivables from King Glory, Global Great China and Wealthy Mark; and (iii) partially offset by a decrease of total prepayments of approximately HK$1.3 million. The non-current portion of rental and utilities deposits decreased by HK$5.8 million, owing to increased number of leases approaching expiry dates as at 31 March 2018.

Our prepayments, deposits and other receivables further increased by approximately HK$13.6 million or 35.6%, to approximately HK$51.8 million as at 31 March 2019. This was mainly due to the increase in (i) total prepayment of HK$8.9 million; and (ii) rental and utilities deposits (including current and non-current portion) of HK$5.0 million resulting from increased deposits required upon the lease renewals. The non-current portion of rental and utilities deposits increased by approximately HK$12.8 million, owing to the lease renewals in the abovementioned restaurants during FY2019.

Our prepayments, deposits and other receivables decreased by approximately HK$2.9 million or 5.6%, from approximately HK$51.8 million as at 31 March 2019 to approximately HK$48.9 million as at 31 July 2019. This was mainly due to the combined effects of (i) a decrease in prepayments of approximately HK$3.0 million (including decrease in current portion of approximately HK$0.6 million and increase in non-current portion of approximately HK$3.6 million, respectively), which was mainly due to the recognition of property, plant and equipment in Daikiya ST upon its grand opening; (ii) a decrease of other receivables of approximately HK$1.9 million primarily due to settlements from Global Great China and Wealthy Mark during the four months ended 31 July 2019; and partly offset by increase in the prepaid listing expenses of approximately HK$1.4 million during the period.

Trade payables

During the Track Record Period, our trade payables were primarily related to our purchases of food ingredients and beverages.

The following table sets forth our trade payables as at the dates indicated:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
External suppliers	15,476	23,270	23,300	25,485

Other than suppliers of fresh seafood and vegetables who generally required payment on cash on delivery, our suppliers generally offer us trade credit periods from 0 to 60 days. The table below sets forth, as at the end of reporting periods indicated, the aging analysis of our trade payables based on the invoice date:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	15,476	23,173	23,065	25,290
31 to 60 days	—	90	125	195
61 to 180 days	—	7	110	—
Total	15,476	23,270	23,300	25,485

As at 31 March 2017, 2018, 2019 and 31 July 2019, our trade payables amounted to approximately HK$15.5 million, HK$23.3 million, HK$23.3 million and HK$25.5 million, respectively. The increase in our trade payables from FY2017 to FY2018 was mainly due to the increased purchases by our four new restaurants during FY2018. Our trade payables as at 31 March 2018, 31 March 2019 and 31 July 2019 remained stable.

The following table sets out the average trade payables turnover days for the Track Record Period:

	FY2017	**FY2018**	**FY2019**	**For the four months ended 31 July 2019**
Trade payables turnover days *(Note)*	18 days	21 days	23 days	25 days

Note: Trade payables turnover days were calculated using the average balances of trade payables divided by cost of food and beverages for the relevant period and multiplied by 365 days for FY2017, FY2018 and FY2019 and 121 days for the four months ended 31 July 2019. Average balance of trade payables is calculated as the sum of the beginning and the ending balance for the relevant period divided by two.

Our trade payables turnover days were 18 days, 21 days, 23 days and 25 days for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, respectively, which was within the general credit period of 0 to 60 days granted by the suppliers to our Group.

As at the Latest Practicable Date, all of our trade payables outstanding as at 31 July 2019 had been settled. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, there was no material default in payment of trade payables.

Other payables and accruals

Our other payables and accruals mainly comprised (i) provision for reinstatement costs; (ii) accrued employee benefits expenses; (iii) accrued listing expenses; and (iv) other payables.

The following table sets forth the breakdown of our other payables and accruals as at the dates indicated:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Provision for reinstatement costs	—	400	1,068	847
Accrued employee benefits expenses	15,349	20,817	15,757	17,981
Accrued listing expenses	—	—	472	15
Other payables and accruals *(Note)*	3,576	14,392	12,469	10,388
	18,925	35,609	29,766	29,231
Non-current				
Provision for reinstatement costs	4,200	5,300	4,500	4,900
Total	23,125	40,909	34,266	34,131

Note: Other payables include payables to King Glory, Global Great China and Wealthy Mark, which were recorded as amounts due to related parties as at 31 March 2017. They were no longer related parties to our Group as at 31 March 2018 and 2019 upon the cessation of directorship or disposal of shares in respective companies by Mr. Lam and/or Mr. KK Ho during the year ended 31 March 2018. See note 18 "Related parties balances and transactions" set out in Accountant's Report in Appendix I to this prospectus for details. As at 31 March 2018 and 2019, these payables were recorded as other payables.

Our other payables and accruals increased by approximately HK$17.8 million from approximately HK$23.1 million as at 31 March 2017 to approximately HK$40.9 million as at 31 March 2018. Such increase was mainly due to the increase in (i) accrued employee benefits expenses by approximately HK$5.5 million resulting from provisions of HK$3.0 million provided for shortfall in MPF contributions, mainly in relation to certain casual workers; (ii) staff cost mainly from four new restaurants during FY2018; and (iii) other payables and accruals of approximately HK$10.8 million, mainly representing accrued expenses for daily operation and payables to King Glory, Global Great China and Wealthy Mark. For details of shortfall in MPF contributions in relation to certain casual workers, please refer to "Business — Legal and regulatory compliance" in this prospectus.

Our other payables and accruals decreased by approximately HK$6.6 million from approximately HK$40.9 million as at 31 March 2018 to approximately HK$34.3 million as at 31 March 2019. Such decrease was a combined effect of (i) the decrease in accrued employee benefits expenses by approximately HK$5.1 million mainly resulting from settlement of abovementioned provisions provided for shortfall in MPF contributions; and (ii) a slight decrease in other payables of approximately HK$1.9 million mainly resulting from the reduced daily operation cost from the closure of Daikiya CWB in March 2019.

Our other payables and accruals as at 31 July 2019 remained stable at approximately HK$34.1 million as compared to HK$34.3 million as at 31 March 2019, which is a combined effects of (i) the increase in accrued employee benefits expenses by approximately HK$2.2 million mainly resulting from more restaurants were in operation as at 31 July 2019 as compared to 31 March 2019; and (ii) a decrease in other payables and accruals of approximately HK$2.1 million mainly resulting from settlements to Global Great China during the period.

Lease liabilities

The lease liabilities during the Track Record Period include the net present value of the lease payments discounted using the rate implicit in the lease, if that can be determined, or our Group's incremental borrowing rate. These lease payments represented the payments of leased properties and motor vehicles which were recognised as right-of-use assets. The leased properties of our Group mainly consisted of restaurants and workshops. The following table sets forth our lease liabilities as at the dates indicated:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current portion	54,733	64,672	69,193	71,981
Non-current portion	93,914	93,641	100,820	124,389
Total	148,647	158,313	170,013	196,370

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Motor vehicles	624	413	193	117
Properties	148,023	157,900	169,820	196,253
Total	148,647	158,313	170,013	196,370

As at 31 March 2017 and 2018, the lease liabilities were approximately HK$148.6 million and HK$158.3 million, respectively. The increase of approximately HK$9.7 million or 6.5% was primarily attributable to (i) additions of lease liabilities of approximately HK$71.5 million, including the lease from four new shops which opened during FY2018; and (ii) partially offset by lease payments for principal elements of approximately HK$61.8 million made during FY2018.

As at 31 March 2018 and 2019, the lease liabilities were approximately HK$158.3 million and HK$170.0 million, respectively. The increase of approximately HK$11.7 million or 7.4% was primarily attributable to (i) additions of lease liabilities of approximately HK$84.9 million; and (ii) partially offset by lease payments for principal elements of approximately HK$73.2 million made during FY2019. Such additions were resulted from higher rental rates under the renewed tenancy agreements in restaurants mainly including Deluxe Daikiya TST, Joy Daikiya and Daimanki MK.

As at 31 March 2019 and 31 July 2019, the lease liabilities were approximately HK$170.0 million and HK$196.4 million, respectively. The increase of approximately HK$26.4 million or 15.5% was primarily attributable to (i) additions of lease liabilities of approximately HK$51.2 million, mainly including Daikiya ST which opened in June 2019; and (ii) partially offset by lease payments for principal elements of approximately HK$24.8 million made during the four months ended 31 July 2019.

Amounts due from/(to) shareholders and related parties

The following table sets forth a summary of the amounts due from/to shareholders and related parties as at the dates indicated:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from shareholders	16,709	—	—	—
Amounts due from related parties	11,122	10,082	13,942	7,061
Amounts due to related parties	(10,003)	(5,722)	(4,084)	(688)
	17,828	4,360	9,858	6,373

Amounts due from our shareholders amounted to approximately HK$16.7 million as at 31 March 2017 was offset by the dividend declared during FY2018. Our amounts due from related parties amounted to approximately HK$11.1 million, HK$10.1 million, HK$13.9 million and HK$7.1 million as at 31 March 2017, 2018 and 2019 and 31 July 2019, respectively. The amounts due from related companies arose from the receivables from sales of food ingredients to related companies and fund transfers between related companies. Our amounts due to related parties amounted to approximately HK$10.0 million, HK$5.7 million, HK$4.1 million and HK$0.7 million as at 31 March 2017, 2018 and 2019 and 31 July 2019, respectively. The amounts mainly arose from administrative expenses, rental expenses and purchases of food ingredients payable to related companies.

All amounts due from/(to) shareholders and related companies were unsecured, interest-free and repayable on demand. Save for the balances arising from the related party transactions set out in note 18(b) to the Accountant's Report in Appendix I to this prospectus, the amounts due from/(to) related companies were mainly non-trade in nature.

Our Directors confirm that all outstanding amounts due from/(to) related parties as at 31 July 2019 will be settled before the Listing.

CAPITAL EXPENDITURE

Our Group's capital expenditure has principally consisted of expenditures on buildings, leasehold improvements, purchases of restaurant and kitchen equipment and office equipment. During FY2017, FY2018, FY2019 and the four months ended 31 July 2019, our Group incurred capital expenditures of approximately HK$21.1 million, HK$25.5 million, HK$1.4 million and HK$8.9 million, respectively, the majority of which came from buildings, leasehold improvements, restaurant and kitchen equipment and office equipment. After 31 July 2019 and up to the Latest Practicable Date, we did not make any material capital expenditures.

Our Group's projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. See "Future plans and use of proceeds" in this prospectus for further information.

We expect to fund our contractual commitments and capital expenditure principally through the net proceeds we receive from the Share Offer and cash generated from our operating activities. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

PROPERTY INTERESTS

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 5.01 to 5.10 of the Listing Rules. As at the Latest Practicable Date, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

CAPITAL COMMITMENTS

We had the following capital commitments, which were not provided for in our combined financial statements:

	As at 31 March			As at 31 July
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Leasehold improvements contracted but not provided for	—	—	2,009	—

INDEBTEDNESS

The following table sets out a breakdown of our indebtedness as at the dates indicated:

	As at 31 March			As at 31 July	As at 30 November
	2017	2018	2019	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)
Amounts due to related parties	10,003	5,722	4,084	688	688
Bank borrowings	—	4,334	4,151	4,089	4,028
Lease liabilities	148,647	158,313	170,013	196,370	239,526
Total	158,650	168,369	178,248	201,147	244,242

All our borrowings are denominated in Hong Kong dollars. Amounts due to related parties are unsecured, interest-free and repayable on demand. Bank borrowings are secured, carry floating interest rates at Hong Kong Interbank Offered Rate ("**HIBOR**") plus or minus a margin and contain a repayable on demand clause. The weighted average interest rates of our bank borrowings are nil, 2.00%, 2.21% and 2.28% per annum for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, respectively.

The following table sets forth our Group's principal portion bank borrowings which were repayable as at the dates indicated as follows:

	As at 31 March			As at 31 July	As at 30 November
	2017	**2018**	**2019**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)
Portion due for repayment within 1 year	—	183	193	196	174
Portion due for repayment after 1 year but within 2 years which contain a repayment on demand clause	—	193	198	199	194
Portion due for repayment after 2 years but within 5 years which contain a repayment on demand clause	—	605	618	622	608
Portion due for repayment after 5 years which contain a repayment on demand clause	—	3,353	3,142	3,072	3,052
Total	—	4,334	4,151	4,089	4,028

Our borrowings decreased from approximately HK$4.3 million as at 31 March 2018 to approximately HK$4.2 million as at 31 March 2019 and further decreased to approximately HK$4.1 million as at 31 July 2019 and HK$4.0 million as at 30 November 2019. This was primarily attributable to repayments made subsequent to the drawdown in FY2018.

Banking facilities

We have entered into a bank facility letter on 29 May 2017, which was superseded by another bank facility letter dated 8 June 2017 with the same bank. Such facility is a 240-month instalment loan of HK$4,472,000, carried interest rate of 3.1% per annum below the best lending rate of Hong Kong dollars. As at 31 July 2019, such outstanding bank loan is guaranteed by: (i) a first legal charge on our Group's property and a letter undertaking and indemnity in respect of our property; and (ii) an unlimited personal guarantee from Mr. Lam, such personal guarantee will be released before Listing and replaced by corporate guarantee.

As at 30 November 2019, we had aggregate banking facilities of approximately HK$4.0 million and no unutilised banking facilities available to our Group.

During the Track Record Period, our Directors confirmed that we did not experience any delay or default in repayment of bank borrowings nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. As at the date of this prospectus, we did not have any plan for material external debt financing.

Lease liabilities

As at 31 March 2017, 2018 and 2019, 31 July 2019 and 30 November 2019, our lease liabilities amounted to approximately HK$148.6 million, HK$158.3 million, HK$170.0 million, HK$196.4 million and HK$239.5 million, respectively.

Contingent liabilities and guarantees

As at 30 November 2019, we did not have any material contingent liabilities or guarantees.

Indebtedness statement as at 30 November 2019

Save as disclosed in this prospectus, as at 30 November 2019, being the most recent practicable date for the purpose of this indebtedness statement, we did not have any other borrowings, mortgages, charges, debentures or debt securities, issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, finance lease commitment, liabilities under acceptances, acceptance credits, hire purchase commitments, material contingent liabilities or guarantees.

Our Directors further confirmed that there had not been any material change in our indebtedness since 30 November 2019 (being the most recent practicable date for the purpose of this indebtedness statement) and up to the Latest Practicable Date.

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

In addition, our Group has not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Further, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL INSTRUMENTS

During the Track Record Period and up to Latest Practicable Date, we did not enter into any other financial instruments for hedging purposes.

TRANSACTIONS WITH RELATED PARTIES

During the Track Record Period, our Group had the following transactions with related parties in the ordinary course of business:

	FY2017	FY2018	FY2019	For the four months ended 31 July 2018	For the four months ended 31 July 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Discontinued transactions					
Administrative expenses paid and payable to King Glory *(Note 1)*	4,335	3,386	N/A	N/A	N/A
Sales of food ingredients to Wealthy Mark *(Note 2)*	182	858	N/A	N/A	N/A
Purchases of food ingredients from					
Fertility Food Provision Limited ("**Fertility Food**") *(Note 3)*	307	—	—	—	—
Hung Wan *(Note 4)*	257	N/A	N/A	N/A	N/A
Continuing transactions					
Rental expenses paid and payable to Golden Victory *(Note 5)*	720	720	720	240	240

Notes:

(1) During the Service Period, King Glory provided administrative services (including matters relating to human resources, marketing, environmental, health and hygiene of restaurants and support services) to our Group through Mr. KK Ho as he was a director of King Glory until January 2018. Mr. Lam and Mr. KK Ho disposed of their equity interest in King Glory on 24 January 2018 and were acquired by the spouse of Mr. KK Ho. Mr. KK Ho ceased to be related to our Group since 28 March 2018 when he disposed of his equity interest in our Group. King Glory is regarded as an Independent Third Party to our Group afterwards. There was no transaction between our Group and King Glory since October 2017 and up to the Latest Practicable Date.

(2) Mr. Lam resigned as director of Wealthy Mark on 10 May 2017. Wealthy Mark is regarded as an Independent Third Party to our Group afterwards. Since the disposal of equity interest in Wealthy Mark by Mr. Lam on 9 October 2017 and as at the Latest Practicable Date, our Group continues to sell food ingredients to Wealthy Mark and our Directors confirmed that those transactions were conducted on normal commercial terms.

(3) We ceased purchase from Fertility Food in May 2016 and Fertility Food was deregistered on 8 June 2018.

(4) Mr. Lam disposed of his equity interest in Hung Wan on 26 February 2016 and resigned as director on 6 April 2016. Hung Wan is regarded as an Independent Third Party to our Group afterwards. Since the disposal of equity interest in Hung Wan by Mr. Lam on 6 April 2016 and as at the Latest Practicable Date, our Group continues to purchase food ingredients from Hung Wan and our Directors confirmed that those transactions were conducted on normal commercial terms.

(5) Rental expenses are charged at HK$720,000 per year. See section headed "Connected Transactions" for further details.

With respect to the related party transactions set forth in the Accountant's Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole and on an arm's length basis and did not distort our results of operations during the Track Record Period.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	FY2017	FY2018	FY2019	For the four months ended 31 July 2019
Net profit margin *(%)* (1)	8.5	5.2	11.0	4.8
Net profit margin before interest and taxation *(%)* (2)	11.4	8.1	14.1	7.2
Return on equity *(%)* (3)	47.6	280.2	87.4	N/A
Return on total assets *(%)* (4)	15.0	11.2	25.2	N/A
Interest coverage ratio *(times)* (5)	11.4	9.3	21.1	7.6

	As at 31 March			As at 31 July
	2017	2018	2019	2019
Current ratio *(times)* (6)	1.0	0.5	0.8	0.6
Quick ratio *(times)* (7)	1.0	0.5	0.8	0.6
Gearing ratio *(%)* (8)	10.1	75.6	7.8	8.0

Notes:

(1) Net profit margin was calculated on profit for the year/period divided by revenue for the respective year/period.

(2) Net profit margin before interest and taxation was calculated on the profit before interest and taxation for the year/period divided by revenue for the respective year/period.

(3) Return on equity was calculated by dividing profit for the year/period by the total equity as at the respective year/period and multiplied the resulting value by 100%. The ratio for the four months ended 31 July 2019 is not applicable as it is not comparable to the ratio of a full financial year.

(4) Return on total assets was calculated by dividing profit for the year/period by total assets as at the respective year/period and multiplying the resulting value by 100%. The ratio for the four months ended 31 July 2019 is not applicable as it is not comparable to the ratio of a full financial year.

(5) Interest coverage ratio is calculated based on profit for the year/period before interest and taxation divided by interest expense for the respective year/period.

(6) Current ratio was calculated based on the total current assets as at the respective date divided by the total current liabilities as at the respective date.

(7) Quick ratio was calculated as the current assets excluded inventories divided by the total current liabilities as at the respective date.

(8) Gearing ratios as at 31 March 2017, 2018 and 2019 and 31 July 2019 were calculated based on the total debt divided by total equity and multiplied by 100%. Total debts include borrowings and amounts due to related parties, which are payables incurred not in the ordinary course of business.

Net profit margin

	FY2017	**FY2018**	**FY2019**	**For the four months ended 31 July 2019**
Profit for the year/period *(HK$'000)*	47,070	37,261	92,208	12,682
Revenue *(HK$'000)*	555,160	713,184	839,021	263,423
Net profit margin *(%)*	8.5%	5.2%	11.0%	4.8%
Non-HKFRS measure				
Profit for the year/period *(HK$'000)*	47,070	37,261	92,208	12,682
Adjustments:				
Share-based payment expenses *(HK$'000)*	4,942	35,893	—	—
Listing expenses *(HK$'000)*	—	450	6,506	5,562
Adjusted profit for the year/period *(HK$'000)*	52,012	73,604	98,714	18,244
Adjusted net profit margin *(%)*	9.4%	10.3%	11.8%	6.9%

Our net profit margin decreased from approximately 8.5% for FY2017 to approximately 5.2% for FY2018, primarily due to (i) increased share-based payment expenses of approximately HK$35.9 million recognised in FY2018 as compared with that of approximately HK$4.9 million in FY2017; and (ii) the further recognition of listing expenses of HK$0.5 million. Excluding share-based payment expenses and listing expenses, the adjusted net profit amounted to HK$52.0 million and HK$73.6 million for FY2017 and FY2018, respectively. The adjusted net profit margin remained relatively stable at approximately 9.4% for FY2017 and 10.3% for FY2018.

Our net profit margin increased to approximately 11.0% for FY2019, resulting from combined effects of (i) no share-based payment expenses incurred during FY2019; (ii) reduced proportion of cost of food and beverages to revenue from 47.1% to 44.4% resulting from benefits from purchasing in bulk; and (iii) increased proportion of staff costs to revenue owing to additional service cost brought by Labour Service Provider from 20.5% to 23.2%. If listing expenses of HK$6.5 million was added back, the adjusted net profit amounted to approximately HK$98.7 million and the adjusted net profit margin was approximately 11.8%.

Our net profit margin decreased from approximately 11.0% for FY2019 to approximately 4.8% for the four months ended 31 July 2019, resulting from increased proportion of certain operating expenses to revenue as compared to that of FY2019, mainly including staff costs (from approximately 23.2% to 25.9%), depreciation (from approximately 10.7% to 12.3%) and other operating expenses (from approximately 5.1% to 6.1%). This is primarily due to (i) increase in head office staff costs to support our preparation of Listing and business expansion; and (ii) upfront costs incurred for the opening of Daikiya ST during the four months ended 31 July 2019. If listing expenses of HK$5.6 million was excluded, the adjusted net profit amounted to approximately HK$18.2 million and the adjusted net profit margin was approximately 6.9%.

Net profit margin before interest and tax

Our net profit margin before interest and tax for FY2017, FY2018, FY2019 and the four months ended 31 July 2019, was approximately 11.4%, 8.1%, 14.1% and 7.2%, respectively, which presented a similar trend as that of net profit margin.

Return on equity

	FY2017	**FY2018**	**FY2019**	**For the four months ended 31 July 2019** *(Note)*
Profit for the year/period *(HK$'000)*	47,070	37,261	92,208	N/A
Equity *(HK$'000)*	98,950	13,299	105,507	N/A
Return on equity *(%)*	47.6%	280.2%	87.4%	N/A
Non-HKFRS measure				
Adjusted profit for the year/period *(HK$'000)*	52,012	73,604	98,714	N/A
Adjusted return on equity *(%)*	52.6%	553.5%	93.6%	N/A

Note: The ratio for the four months ended 31 July 2019 is not applicable as it is not comparable to the ratio of a full financial year.

Our return on equity during FY2017, FY2018 and FY2019 was approximately 47.6%, 280.2% and 87.4%, respectively. After adding back share-based payment expenses and listing expenses, the adjusted return on equity increased from approximately 52.6% in FY2017 to 553.5% in FY2018, primarily due to an increase in adjusted net profit of 41.5% and a decrease in equity of 86.6%, after dividend of HK$159 million declared during the year. As compared to FY2018, the adjusted return on equity in FY2019 dropped from approximately 553.5% to 93.6%. Such decrease was primarily due to the significant increase in equity of approximately 693.3% as at 31 March 2019 and increase in profit for the year by approximately 34.1%. In addition, no dividend was declared for FY2019 when compared to dividend of HK$159 million declared for FY2018.

Return on total assets

	FY2017	FY2018	FY2019	For the four months ended 31 July 2019 *(Note)*
Profit for the year/period *(HK$'000)*	47,070	37,261	92,208	N/A
Total assets *(HK$'000)*	314,052	334,087	365,200	N/A
Return on total assets *(%)*	15.0%	11.2%	25.2%	N/A
Non-HKFRS measure				
Adjusted profit for the year/period *(HK$'000)*	52,012	73,604	98,714	N/A
Adjusted return on total assets *(%)*	16.6%	22.0%	27.0%	N/A

Note: The ratio for the four months ended 31 July 2019 is not applicable as it is not comparable to the ratio of a full financial year.

Our return on total assets during FY2017, FY2018 and FY2019 was approximately 15.0%, 11.2% and 25.2%, respectively. If we added back share-based payment expense and listing expenses, the adjusted ratio increased from approximately 16.6% in FY2017 to 22.0% in FY2018.

The adjusted return on total assets increased from approximately 22.0% in FY2018 to 27.0% in FY2019. This is mainly attributable to the full year impact of our Group's four restaurants opened in FY2018 and improved operation performance in FY2019. With the significant increase in adjusted net profit of approximately 34.1% at a larger extent as compared to the increase in total assets of approximately 9.3%, the adjusted return on total assets increased.

Interest coverage ratio

Our interest coverage ratio was approximately 11.4 times, 9.3 times and 21.1 times for FY2017, FY2018 and FY2019, respectively. Our Group's interest expense remained relatively stable and amounted to HK$5.6 million, HK$6.1 million and HK$5.6 million during the respective period. For the four months ended 31 July 2019, our interest expense was approximately HK$2.5 million and our interest coverage ratio was approximately 7.6 times. The changes in interest coverage ratio during the relevant periods were generally in line with the trend of profit before interest and taxation.

Current ratio

Our current ratio was approximately 1.0, 0.5, 0.8 and 0.6 as at 31 March 2017, 2018 and 2019 and 31 July 2019, respectively. Save for a lower current ratio as at 31 March 2018 and 31 July 2019 due to outstanding dividend payable of approximately HK$63.1 million and HK$30.7 million respectively, our current ratio as at 31 March 2017 and 2019 were similar.

Quick ratio

Our quick ratio was approximately 1.0, 0.5, 0.8 and 0.6 as at 31 March 2017, 2018 and 2019 and 31 July 2019, respectively. Our Group maintained an appropriate inventory level which only took up a relatively insignificant portion of our total assets. Therefore, our quick ratio was substantially similar to our current ratio.

Gearing ratio

Our gearing ratio was approximately 10.1%, 75.6%, 7.8% and 8.0% as at 31 March 2017, 2018 and 2019 and 31 July 2019, respectively. As at 31 March 2018, the increase of gearing ratio was due to the banking facilities of approximately HK$4.3 million drawn down during FY2018. As at 31 March 2019, the gearing ratio decreased to approximately 7.8%, primarily due to significant increase in the equity from approximately HK$13.3 million to HK$105.5 million, contributed by significant increase in profit for the year. Our gearing ratio then increased slightly to approximately 8.0% as at 31 July 2019, owing to the decrease in equity as compared to 31 March 2019 due to the declared dividend during such period.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market rates and prices, such as interest rates, credit and liquidity.

Details of the risk to which we are exposed are set out in note 3 to the Accountant's Report in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

LISTING EXPENSES

Listing expenses represent underwriting commissions, professional fees and other fees incurred in connection with the Share Offer. Assuming the Over-allotment Option is not exercised and assuming the Offer Price of HK$1.80 per Offer Share, being the mid-point of the indicative Offer Price range stated in this prospectus, the Listing expenses, which are non-recurring in nature, are expected to be approximately HK$50.0 million. For the Listing expenses, (i) approximately HK$28.3 million is directly attributable to the issue of the Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately HK$0.5 million, HK$6.5 million and HK$5.6 million were recognised in our combined statements of comprehensive income for FY2018, FY2019 and the four months ended 31 July 2019, respectively; and (iii) approximately HK$9.1 million will be further recognised in our combined statements of comprehensive income for FY2020 upon the Listing of our Company and will have a material impact on our financial results for FY2020.

DIVIDENDS AND DIVIDEND POLICY

For FY2017, no dividend was declared and paid. For FY2018, dividends of approximately HK$159.0 million were declared, out of which HK$120.0 million was paid by cash and the remaining HK$39.0 million was offset by the current account with the then shareholders before the Reorganisation. As at 31 March 2019, the outstanding balance of dividend declared for FY2018 amounted to approximately HK$0.7 million, which will be funded by internal resources and is expected to be settled in cash upon Listing. On 31 May 2019, we declared dividend of HK$60.0 million, out of which HK$30.0 million was paid by cash in June 2019 and the remaining HK$30.0 million will be funded by internal resources and is expected to be settled in cash upon Listing. As at 31 July 2019, the total dividend payable was approximately HK$30.7 million. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, business plans, the payment by our subsidiaries of cash dividends to us, and other factors the Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all.

Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

After the Listing, declaration of dividends will be subject to recommendation of our Board after considering the factors described above. Subject to the above factors, our Board intends to recommend dividends of no less than 25% of our profit and total comprehensive income after tax available for distribution to our Shareholders in a financial year.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands on 25 February 2019 and had not have any reserve available for distribution to our Shareholders as at 31 July 2019.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Please see the section "Unaudited Pro Forma Financial Information" in Appendix II in this prospectus for our unaudited pro forma adjusted combined net tangible assets.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the date of this prospectus, we have the following recent developments:

The commencement of operation of our new restaurant

We opened one new restaurant serving Japanese a-la-carte cuisine in Mongkok under our Rock Salt brand in December 2019. We have leased premises located on level 3 of MOKO for Rock Salt MK. The lease term for the premises is a fixed lease term of five years and the new restaurant has an approximate licensed floor area of 260.42 sq. m.. We allotted and issued 10.0% shareholding in Sun Rich, being the Operating Company of this new a-la-carte Japanese restaurant, to Mr. Yip, who is an employee of our Group and an Independent Third Party, at the consideration of HK$1.0 million in July 2019. Such consideration was determined with reference to the total initial capital injection agreed and paid by all shareholders of Sun Rich, being a sum of HK$10.0 million in total. For details, see "History, Reorganisation and Group Structure — Corporate Structure immediately after Completion of the Reorganisation but before Completion of the Share Offer and the Capitalisation Issue" and "Business — Our Brand and Restaurant Portfolio — A-la-carte cuisine" in this prospectus.

Key performance indicators — Key performance indicators (including average daily sales per restaurant and average spending per customer of our restaurants) were lower for the period after the Track Record Period and up to the Latest Practicable Date.

Compared to FY2019, our Group's net profit for the year ending 31 March 2020 is expected to decline significantly mainly due to a combination of factors including (i) the closure of Daikiya CWB restaurant in March 2019; (ii) the upfront costs incurred for the opening of our new Daikiya ST restaurant since June 2019; (iii) the decrease in number of customer visits in relation to the social unrest since June 2019; and (iv) significant listing expenses to be incurred. In addition, some of our restaurants with a longer operating history would need renovation in order to enhance and maintain their competitiveness in the catering industry. The social unrest since June 2019 has driven away local shoppers, diners and tourists. A number of countries, including the U.K., the U.S., Australia and Canada, have issued travel advice in July and August 2019 and urged tourists to exercise increased caution when travelling to Hong Kong. Notwithstanding the foregoing, our Directors are of the view that the above factors are of a temporary nature and not an indication of a contraction in demand in general. According to CIC, the revenue of the Japanese all-you-can-eat restaurant market is expected to expand and reach approximately HK$2,977.4 million by 2023, representing a CAGR of approximately 6.4% between 2018 and 2023.

Based on our unaudited financial information, for the period from June to November 2019, our Group's monthly revenue decreased by 3% to 32% as compared to that of the corresponding periods in 2018, which our Directors believe was primarily due to the social unrest since June 2019. Our average monthly net profit decreased significantly for the period from June 2019 to November 2019, as a result of the general decrease in customer visits influenced by the social unrest and the increase in operating costs, in particular increased staff costs as we hired more staff in support of the operation of Daikiya ST opened in June 2019. For December 2019, our revenue decreased by 13% and our monthly number of customer decreased by 6% as compared to that of the corresponding period in 2018. For details, see "Business — Our Brand and Restaurant Portfolio — Restaurant General Information and Operating Data" in this prospectus.

Operating Profit Margin — Our cost of food and beverages as a percentage of our revenue remain relatively stable in comparison with the Track Record Period, while our average daily sales per restaurant was lower for the period after the Track Record Period and up to the Latest Practicable Date due to the foregoing reasons including the social unrest factor and therefore our Operating Profit Margin for our Group for the corresponding period was lower accordingly.

Our Directors have been closely monitoring our business and operations and have taken out measures to counteract the potential impacts of the social unrest since June 2019 on our business and operations, including negotiations with landlords for restaurant rent reductions, enhanced marketing efforts and promotion and crisis management training. Landlords of eight of our restaurants agreed to grant rent reductions ranging from 10% to 20% of the monthly rent for a period of two to four months which will save rental payment of HK$1.7 million in total for FY2020. In addition, one of our restaurants received a one-off two-day rent reduction for the suspension of operation for two days in October 2019. We will continue rent reduction negotiations with landlords of our other restaurants. Our Group has also taken certain measures to control our operating costs since September 2019, such as reducing the use of casual labours from independent third party service provider and conducting restructuring of our head office administrative and support functions to improve our operational efficiency, which saved cost of HK$9.1 million in aggregate up to November 2019 as compared to that of August 2019.

To the best knowledge, information and belief of our Directors, up to the Latest Practicable Date, there is no change to our business model and no material change to the market condition which would materially affect the operation and performance of our principal business save as aforementioned.

Our Directors confirm that, up to the Latest Practicable Date, there had been no material adverse change in our financial or trading position since 31 July 2019, being the date to which our latest audited combined financial statement was prepared, which would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there have not been any material adverse changes in our financial or trading position or prospects subsequent to the Track Record Period and up to the date of this prospectus. As far as we are aware, there was no material change in the general market conditions that had affected or would affect our business operations or financial conditions materially and adversely.

BUSINESS OBJECTIVES AND STRATEGIES

We aim to expand our business to maintain and strengthen our market position by pursuing the following key business strategies:

- Expand and strengthen our restaurant network in Hong Kong to enhance our market penetration;
- Establish a central kitchen to expand our food factory and support our existing restaurants and expansion plan; and
- Upgrade our existing restaurants to enhance our customers' dining experience and better serve our customers.

See "Business — Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the net proceeds of the Share Offer which we will receive, assuming the Over-allotment Option is not exercised and an Offer Price of HK$1.80 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be HK$130.0 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Share Offer. We intend to use the net proceeds of the Share Offer for the following purposes:

- approximately 28.5%, or HK$37.1 million, will be used for expanding our restaurant network in Hong Kong by opening a total of three Japanese all-you-can-eat restaurants;
- approximately 38.5%, or HK$50.0 million, will be used for establishing a new central kitchen and cold storage facilities for our Group, of which: (i) HK$25.4 million will be used for establishing our new central kitchen and cold storage; (ii) HK$13.3 million for setting up a fish processing production line; (iii) HK$2.6 million will be used for purchasing four cold storage trucks; and (iv) HK$8.6 million will be used for rental and staff costs for our new central kitchen;
- approximately 23.0%, or HK$29.9 million, will be used for refurbishing four of our existing restaurants in Hong Kong to reinforce and enhance our brand image;
- approximately 10.0%, or HK$13.0 million, will be used for general working capital of our Group.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds from the Share Offer, assuming that the Over-allotment Option is not exercised, will increase to approximately HK$147.6 million or decrease to approximately HK$112.4 million, respectively, and in such event, we intend to increase or decrease, respectively, the net proceeds from the Share Offer to be used for the above purposes on a pro-rata basis.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK$23.8 million, after deducting underwriting commissions, fees and other estimated expenses payable by us, assuming an Offer Price of HK$1.80 per Offer Share (being the mid-point of the Offer Price range of HK$1.60 to HK$2.00 per Offer Share). We intend to apply all additional net proceeds for the same purposes as set out above on a pro rata basis.

To the extent that the net proceeds from the Share Offer are not immediately applied to the above purposes, we intend to place the same in short-term deposits with licensed banks or financial institutions in Hong Kong and/or through money market instruments as permitted by the relevant laws and regulations. In the event that we would require additional financing apart from the net proceeds from the Share Offer for our expansion plans, the shortfall will be financed by our internal resources and bank financing as appropriate.

We will issue an announcement in accordance with the requirements under the Listing Rules if there is any material change in the use of proceeds as described above.

The following table sets forth a breakdown of how the net proceeds to be received by us from the Share Offer are intended to be applied and the timing of application:

	For the period ending					
Use of proceeds	**From the Listing Date to 31 March 2020**	**30 September 2020**	**31 March 2021**	**30 September 2021**	**Total**	**As % of total**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(%)*
Expand and strengthen our restaurant network	—	27.2	—	9.9	37.1	28.5
Establish a central kitchen	—	15.0	31.8	3.2	50.0	38.5
Upgrade our existing restaurants	—	6.7	16.0	7.2	29.9	23.0
General working capital	13.0	—	—	—	13.0	10.0
Total	13.0	48.9	47.8	20.3	130.0	100.0

IMPLEMENTATION PLANS

The implementation plans of our business strategies are set forth below from the Listing Date to 30 September 2021. Investors should note the following implementation plans are formulated on the bases and assumptions referred to in "Bases and assumptions" in this section. These bases and assumptions are inherently subject to uncertainties, in particular the risk factors set forth in the section headed "Risk Factors" in this prospectus. Therefore, there is no assurance that our business plans will materialised in accordance with the estimated timeframe or that our future plans will be accomplished at all. Based on our Group's business objectives, our Directors intend to carry out the following implementation plans:

From the Listing Date to 30 September 2020

Business strategies	Implementation activities	Use of proceeds
Expanding our restaurant network	• Capital expenditure, utilities and rental deposits for opening two new all-you-can-eat Deluxe Daikiya restaurants in the New Territories East and New Territories West respectively	HK$27.2 million
Establishing a central kitchen	• Identifying and selecting a suitable location for establishment of a central kitchen • Rental deposits of three months for a central kitchen • Monthly rent and management fee of six months for a central kitchen	HK$15.0 million
Upgrading our existing restaurants	• Fitting out and renovation cost for existing Daimanki MK restaurant	HK$6.7 million

From 1 October 2020 to 31 March 2021

Business strategies	Implementation activities	Use of proceeds
Establishing a central kitchen	• Fitting out, renovation and installation of the central kitchen facilities including automated meat processing machineries • Monthly rent and management fee of six months for a central kitchen • Set up a set of fish processing production line • Set up five sets of automated meat processing machineries • Staff cost for setting up a central kitchen • Purchasing four cold storage trucks	HK$31.8 million
Upgrading our existing restaurants	• Fitting out and renovation costs for existing Deluxe Daikiya TST and Joy Daikiya restaurants	HK$16.0 million

From 1 April 2021 to 30 September 2021

Business strategies	Implementation activities	Use of proceeds
Expanding our restaurant network	• Capital expenditure, utilities and rental deposits for opening one new all-you-can-eat Daieiki restaurant in the New Territories West	HK$9.9 million
Establishing a central kitchen	• Monthly rent and management fee of six months for a central kitchen • Staff cost for setting up a central kitchen	HK$3.2 million
Upgrading our existing restaurants	• Fitting out and renovation costs for existing Deluxe Daieiki CWB	HK$7.2 million

Expansion strategy of our restaurant network in Hong Kong

We believe our multi-brand business model is crucial to our success. In order to expand efficiently and achieve economies of scale, opening more restaurants under our existing brands will form part of our business strategy to increase our market share in the Japanese restaurant market in Hong Kong and expand our footprint in new areas where our existing restaurants are not currently located. As we are able to consistently and efficiently replicate our standardised restaurant operations through the opening of new restaurants under our existing well-known brands, we believe that this will help enhance our bargaining power with our existing and potential suppliers. We also believe that our centralised purchasing power with suppliers through purchasing in bulk will reduce our costs and further enhance our financial performance. For FY2017, FY2018 and FY2019, a majority of our comparable restaurants were running almost at full capacity in peak hours with an average occupancy rate of approximately 71.8%, 72.3% and 75.0% of all our comparable restaurants throughout the relevant years, respectively. For the two months ended 31 May 2019, the average occupancy rate of our nine comparable restaurants decreased to approximately 64.7% due to the seasonality with lower sales during April and May 2019 and slightly improved to 67.7% for the four months ended 31 July 2019. For the influence by the social unrest factor since June 2019, see "Summary — Recent Developments and No Material Adverse Change" and "Business — Impact of Anti-Extradition Bill Protests since June 2019" for details. The average occupancy rate is calculated by dividing the number of customer visits during the year/period by the outcome of multiplying the seating capacity by the estimated seat turnover rate of the relevant comparable restaurants as well as the number of operation days, assuming the whole offering period of the restaurants are fully occupied.

Set out below are the key strategies of our restaurant network expansion:

- We plan to open a total of six new restaurants subsequent to the Track Record Period and up to 30 September 2022, out of which three restaurants are to be financed by internal resources and three restaurants are to be financed by net proceeds from the Listing, covering our popular brands, including our Deluxe Daikiya, Daieiki and Deluxe Daieiki brands for all-you-can-eat cuisine and our Rock Salt brand for a-la-carte cuisine. Subsequent to the Track Record Period, one out of the aforementioned six new restaurants was opened in December 2019 under our Rock Salt brand in Mongkok. Our Rock Salt MK restaurant serves Japanese a-la-carte cuisine and its opening was financed by internal resources. We opened Daikiya ST on 6 June 2019, being our new restaurant serving Japanese all-you-can-eat cuisine in Shatin of the New Territories under our Daikiya brand; and

- We plan to expand our restaurant network geographically by opening new restaurants in districts either in areas of our existing restaurants that have relatively high seat turnover rates or high profit margins or where we currently do not have footprints but we consider such districts to be easily accessible and visible with relatively less competition and a relatively high level of customer flow by 30 September 2022. As a result, our Directors identified the New Territories East and West, and Kowloon West districts as the preferred locations to further expand our restaurant network.

Sufficient demand in the New Territories

We recognise the importance of the factor of population distribution when making decisions with regard to finding suitable locations for opening our new restaurants. According to CIC, population distribution is an important factor for the catering service industry in Hong Kong as local residents are the major customer group for restaurants. The population distribution in the New Territories accounted for approximately 52.8% of the total population in Hong Kong in 2018. Nevertheless, the number of Japanese restaurants located in the New Territories only accounted for approximately 29.0% of the total number of Japanese restaurants in Hong Kong. In other words, the New Territories has a relatively lower number of Japanese restaurant per capita, which indicates a potential capacity for opening new Japanese restaurants in the New Territories to capture the large demand for catering services and the relatively less competition in the New Territories compared to other districts for opening new Japanese restaurants. On this basis, we are of the view that the New Territories will have a relatively higher growth potential for the Japanese restaurant market and hence we intended to open five out of six of our new restaurants in the New Territories, including four new all-you-can-eat restaurants and one a-la-carte restaurant. Since the majority of our Group's comparable restaurants are running at almost full capacity during peak hours, and considering the possible cannibalisation effect, we plan to open new all-you-can-eat restaurants in new districts to deepen our market penetration and broaden our customer base in order to capture the growth potential of the Japanese restaurant market in the New Territories.

Sufficient demand in Kowloon West

In December 2019, we opened one new restaurant serving Japanese a-la-carte cuisine in MOKO, Mongkok. We have chosen Mongkok for opening our new a-la-carte restaurant, Rock Salt MK, with a view to strengthening and growing our Rock Salt brand. In July 2017, we opened our first Japanese a-la-carte restaurant, Rock Salt CWB, in Lee Theatre Plaza, Causeway Bay, which has proven a success during the Track Record Period by the relatively high customer visits and increasing trend of seat turnover rate.

The following table sets out a breakdown of the cost of expanding and strengthening our restaurant network for the indicated periods (subsequent to the Track Record Period and up to 30 September 2022) funded by our internal resources and the net proceeds to be applied for such purpose respectively:

	From internal resources			Use of Proceeds		
	All-you-can-eat cuisine	A-la-carte cuisine		All-you-can-eat cuisine		
	Deluxe Daieiki	Rock Salt	Rock Salt	Deluxe Daikiya	Deluxe Daikiya	Daieiki
Financial year of (expected)/ commencement of operation	FY2022	FY2020	FY2023	FY2021	FY2021	FY2022
(Expected)/time of commencement of operation	Q1 2022	December 2019	Q3 2022	Q2 2020	Q3 2020	Q2 2021
Location	New Territories West	Mongkok, Kowloon *(Note 1)*	New Territories West	New Territories West	New Territories East	New Territories West
(Estimated)/size *(sq. m)*	1,260	260.42	278	785	597	531
(Estimated)/seating capacity	444	117	121	277	211	187
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*
Upfront costs *(Note 2)*:						
— Decoration and fitting out costs	14.3	6.7	7.8	8.7	6.6	6.0
— Rental and deposits	3.5	2.1	2.1	4.4	2.2	1.9
— Working capital for one to two months salary and food cost	4.8	0.9	0.9	3.0	2.3	2.0
Total	**22.6**	**9.7**	**10.8**	**16.1**	**11.1**	**9.9**

Notes:

1. As at the Latest Practicable Date, we have signed a tenancy agreement with the landlord of MOKO, Mongkok for the lease of our new restaurant, Rock Salt MK, with a fixed lease term of five years.

2. The cost estimation of opening each new restaurant was made based on the relevant estimated size and location of a restaurant and with reference to the upfront costs of restaurants opened during the Track Record Period and up to the Latest Practicable Date.

Establish a central kitchen to support our expansion

We plan to establish a central kitchen in Hong Kong to support our portfolio of restaurants and an additional six restaurants that we have opened or intended to open subsequent to the Track Record Period and up to September 2022 to be funded by means of internal resources and net proceeds from the Listing. Based on our Directors' current estimation, the timeframe for establishing a central kitchen in Hong Kong with a size of approximately 1,400 sq. m. is generally around 12 months, which normally involves identifying and selecting a suitable location, negotiating the lease terms, fitting out and installing new production line and machineries. Our Directors considered that our existing workshop has limited function and capacity and hence is insufficient to support our business development and expansion plan.

Considering the expansion of our business and the importance of food safety and hygiene, we plan to establish a central kitchen to allow for better control of our costs, food quality consistency and operational efficiency through centralised food processing, and reduce reliance on labour force at our restaurants. Our cold storage facilities will be able to support and maintain a stable and consistent supply of our frozen food ingredients to our existing and new restaurants. Our cold storage trucks will support the delivery of the frozen food ingredients to our restaurants and to ensure the freshness of the same.

Our central kitchen will allow us to control costs more efficiently by centralised procurement. Currently, each of our existing restaurants purchases the food ingredients separately from our approved suppliers. With a central kitchen, all of the purchases of food ingredients, including existing and new restaurants, will be centralised and made through our procurement department. We believe our centralised procurement will strengthen our bargaining power with suppliers through purchasing in bulk and thereby reducing the costs of our food ingredients.

In addition, we believe that food hygiene and safety is one of our key success factors. We expect that the establishment of a central kitchen will help us to ensure the consistent quality of food across our restaurants and reduce our reliance on restaurant-level kitchen staff for better assurance over quality and stability of our product quality as well as enhanced management over costs, as we continue to expand our restaurant network and deepen our market penetration in Hong Kong.

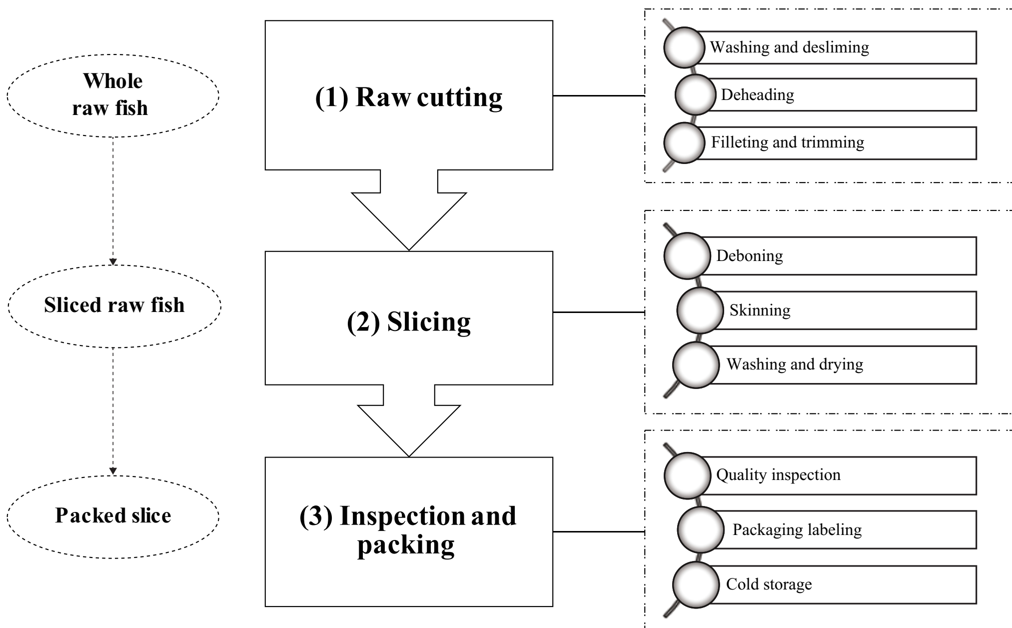
As a part of our central kitchen establishment, we plan to set up and house an automated production line in our central kitchen for fish slicing, filleting and processing as well as automated machineries for meat processing to enhance our operational efficiency, reduce our food procurement costs and reliance on labour force at the restaurant-level.

Fish processing production line

Currently, our restaurants either pre-processed the raw fishes on site or purchased pre-processed fish fillets from suppliers. In general, the average unit price of a pre-processed fish is estimated to be approximately 3% higher than that of a raw fish. As these pre-processing procedures are similar in nature, they could be more efficiently managed by our central kitchen through processing by the automated production line. The automated fish processing production line is estimated to have a capacity of processing at least 912,500 kg of fish per year and an expected useful life of 8 to 10 years. Based on our latest estimation and existing number of restaurants as at the

Latest Practicable Date, the automated fish processing production line will save our purchase cost by approximately HK$2.9 million per year and reduce our manpower costs at restaurant-level by approximately HK$4.3 million per year.

The flowchart below illustrates the key steps involved in the proposed automated fish processing production line as currently estimated and for illustration purpose only:



Automated meat processing machineries

Our existing workshop pre-processes mainly two kinds of meat products namely, beef tongues and lamb racks. In light of the limitations on the production capacity of our existing workshop, most of the time our existing restaurants would have to pre-process certain quantities of those two kinds of meat products at the restaurant-level in order to cope with normal sales and support our operations. In general, the average price per kilogram of pre-processed meat product sourced from external supplier is estimated to be approximately 2% higher than that of the meat product pre-processed by our existing workshop. We plan to purchase five sets of automated meat processing machineries mainly equipped with meat skewering functions and specifications. The key steps involved in the production of skewers of meat products include placing the meat dices in the containers and automated skewering of the meat dices. According to its specification, each machine is estimated to have a capacity of processing over 1,800 pieces of skewers per hour. The automated meat processing machineries will have an estimated capacity of processing at least 842,000 kg of meat per year in aggregate and each machine is estimated to have an expected useful life of 8 to 10 years. Based on our latest estimation and existing number of restaurants as at the Latest Practicable Date, the automated meat processing machineries will save our purchase costs by approximately HK$1.5 million per year and reduce our manpower costs at restaurant-level by approximately HK$4.3 million per year.

We believe that with the automated processing production line and machineries in our central kitchen, we can (i) monitor food processing procedures more efficiently, so as to ensure safe and clean food ingredients; (ii) centralise our food ingredient processing; (iii) enhance operational efficiency by shortening the time required for the preparation of food ingredients at our restaurants; and (iv) achieve cost-efficiency through machine automation of certain food preparation processes and reduce our reliance on manpower force.

Our Directors considered that, from an environmental perspective, a central kitchen would help us to increase our food production efficiency through economies of scale in production, such as economic use of food ingredients, reduction of wastage of food ingredients and specialisation of labour in our central kitchen.

The following table sets forth the breakdown of our costs for setting up a central kitchen which will be financed by the net proceeds from the Share Offer:

		Useful life	Total cost
			(HK$ million)
(i)	**Fixed costs**		
	Establishment of a central kitchen and cold storage facilities, including fitting out, renovation and installation of facilities	8 to 10 years	21.2
	Cost of purchasing five sets of automated meat processing machineries	8 to 10 years	4.2
	Set up a fish processing production line	8 to 10 years	13.3
	Cost of purchasing four cold storage trucks	5 years	2.6
	Rental deposits	N/A	1.1
	Sub-total		42.4
(ii)	**Variable costs up to 31 March 2021**		
	Rental of central kitchen (including management fees) (18 months)	N/A	3.6
	Staff cost for the period to setup of the central kitchen (12 months)	N/A	4.0
	Total		50.0

Accordingly, we estimated that the upfront costs for establishing our central kitchen which we may incur up to 31 March 2021 will be approximately HK$50.0 million.

Having considered that the fixed costs are projected based on the recent market available prices including independent suppliers' quotations and with reference to the historical costs of setting up workshop such as fitting out and renovation expenditures per square metre, the Sole Sponsor concurs with the view of our Directors that the estimated fixed costs for the establishment of (a) the central kitchen and cold storage facilities; (b) fish processing production line; and (c) automated meat processing machineries are reasonable.

The following table set forth the properties which we leased for usage as food factory and storage as at the Latest Practicable Date and the specifications of the proposed property for our new central kitchen:

	Approximately gross floor area/ licensed floor area	Rental cost per year (excluding management fees)	Usage	Estimated production capacity — meat processing	Estimated production capacity — seafood processing
	(sq. m.)			*(kg/year)*	*(kg/year)*
Workshop 1	410.8	HK$0.7 million	Food processing	432,000	N/A *(Note 1)*
Workshop 2	89.57	HK$0.2 million	Storage *(Note 3)*	N/A	N/A
Central kitchen	1,400	HK$2.2 million	Food processing and storage	842,000 *(Note 2)*	912,500 *(Note 4)*

Notes:

1. We did not process any seafood at workshop 1 as at the Latest Practicable Date.

2. Estimations were made based on the actual demand for FY2019 solely and did not take into account any future increment from our existing restaurants and future new restaurants and for illustration purpose only.

3. We intend to enhance our efforts on improving and developing creative dishes and menus to cater for customers' changing tastes by utilising workshop 2 to provide a platform for our executive chefs, head chefs and chefs to exchanging ideas and developing creative menus and new dishes for our restaurants.

4. Estimated based on (i) a daily production capacity of 2,500 kg; and (ii) operating days of approximately 365 days per year.

As illustrated above, the capacity of our existing workshop 1 only serves and supports around half of our total demand of meat processing for our existing restaurants based on FY2019, and hence we believe our central kitchen will increase our processing capacities significantly and help us achieve higher efficiency and streamline our operation. In addition, as part of our expansion plan, we have opened two new restaurants Daikiya ST and Rock Salt MK in June and December 2019, respectively, and planned to open the remaining five new restaurants in the coming three years. We anticipated that our demand for meat processing will further increase and our current capacity is not sufficient to capture such increased demand.

We plan to utilise the central kitchen in portion of gross floor area by 40%, 30% and 30% for seafood processing, meat processing and storage, respectively.

For illustration purpose, the following table sets forth the cost saving benefits to setup a central kitchen according to our Directors' latest estimation, which was made by reference to the volume of relevant food ingredients processed/purchased for FY2019:

	Average cost saved for each kg processed	Production volume	Annual cost saving
	(HK$/kg)	*(kg/year)*	*(HK$ million)*
(a) Food costs saving of:			
Estimated food costs saving due to reduction of purchase costs of seafood	3.2 *(Note 1)*	912,500 *(Note 2)*	2.9
Estimated food costs saving due to reduction of purchase costs of meat	3.6 *(Note 3)*	410,000 *(Note 4)*	1.5

Notes:

1. Being the estimated unit price difference between a raw fish and a pre-processed fish.

2. Being the lower amount of the estimated seafood processing capacity of central kitchen of 912,500 kg/year and the estimated annual production needs of seafood of 1,180,000 kg/year which is calculated by multiplying the estimated daily usage with reference to the purchase volume of existing restaurants per day for FY2019 by 365 days, being the number of days of the year.

3. Being the estimated unit price difference between a meat product pre-processed by our workshop 1/central kitchen and those pre-processed by independent suppliers.

4. The estimated annual production volume of meat products is calculated by multiplying the estimated daily usage with reference to the purchase volume of existing restaurants per day for FY2019 by 365 days, being the number of days of the year, which amounted to 842,000 kg and then deducting approximately 432,000 kg, being the volume of meat products currently processed at workshop 1.

	Average monthly wage of workers in food processing	Number of workers to be reduced at restaurant-level	Months in operation	Annual cost saving
	(HK$/month)	*(Note)*		*(HK$ million)*
(b) Manpower costs saving				
Estimated costs saving from reduced manpower costs for seafood processing at restaurant-level	18,000	20	12	4.3
Estimated costs saving from reduced manpower costs for meat processing at restaurant-level	18,000	20	12	4.3

Note: For illustration purpose only, our Directors estimated that through utilising the automated meat processing machineries and the fish processing production line, we would be able to reduce two to three workers, each for meat and seafood processing at the restaurant-level. Therefore, the estimated manpower costs saving for each of seafood processing and meat processing would be the reduced manpower costs for a total of 20 workers, respectively.

As illustrated above, by setting up the central kitchen and cold storage facilities, the estimated annual cost saving of the central kitchen together with the payback period calculation is as follows:

Items	*HK$' million*
(i) Food costs saving from purchase costs of seafood	2.9
(ii) Food costs saving from purchase costs of meat	1.5
(iii) Manpower costs saving for fish processing at restaurant-level	4.3
(iv) Manpower costs saving for meat processing at restaurant-level	4.3
Total estimated annual cost saving for 14 existing restaurants up to 31 July 2019	**13.0**
Estimated annual cost saving for the six new restaurants to be opened under our expansion plan *(Note 1)*	5.4
Less annual variable costs to maintain the central kitchen:	
(a) Rental cost per year (including management fees) *(Note 2)*	(2.4)
(b) Staff cost at central kitchen per year *(Note 3)*	(4.0)
(c) Transportation cost per year *(Note 5)*	(3.5)
Net cost saving before depreciation per year (A)	**8.5**
Less annual depreciation in setting up the central kitchen: *(Note 4)*	
(a) Central kitchen and cold storage facilities	(2.4)
(b) Automated meat processing machineries	(0.5)
(c) Fish processing production line	(1.5)
(d) Cold storage trucks	(0.5)
Net cost saving per year *(Note 6)*	**3.6**
Total fixed costs to set up the central kitchen (B)	**42.4**
Payback period (B)/(A) *(Note 6)*	**5 years**

Notes:

1. Projected based on an average annual cost saving for each restaurant of approximately HK$0.9 million with reference to the total estimated annual cost saving for 14 existing restaurants up to 31 July 2019 of approximately HK$13.0 million.

2. Estimated based on the best available monthly market rental rate (including management fee) and the planned gross floor area of the central kitchen.

3. The working team at central kitchen are expected to comprise one team-in-charge and approximately 15 staff at execution level, with an aggregate monthly staff costs of approximately HK$335,000.

4. The respective useful life of (i) central kitchen, cold storage, automated meat processing machineries and fish processing production line; and (ii) cold storage trucks are estimated to be 9 years and 5 years in the above cost saving analysis.

5. The transportation cost represents expenses of the four additional cold storage trucks to deliver our food ingredients from the central kitchen to our restaurants, including driver's salary, fuel, insurance, licensing, parking and toll etc., with reference to the approximate annual transportation cost of our existing cold storage truck of approximately HK$877,000 per truck.

6. Payback period is calculated based on total fixed costs to set up the central kitchen divided by net cost saving before depreciation per year. Annual depreciation in setting up the central kitchen is not taken into account for payback period calculation because it is a non-cash item that is derived from the abovementioned total fixed costs.

Based on the above analysis, we estimated that approximately five years from the commencement of operation of the central kitchen and cold storage, the fixed costs of initial upfront cost of establishing the central kitchen and cold storage amounting to HK$42.4 million will be covered in full by the cost savings from (i) lowered costs of seafood and meat procurement due to purchase in bulk; and (ii) reduced manpower costs for seafood processing and meat processing at the restaurant-level.

When identifying a suitable location for our proposed central kitchen and cold storage, we will take into account the following site selection criteria:

- Rental and related costs — whether the rental and related costs of the potential central kitchen site are within our estimation.

- Duration of the lease — whether the terms of the lease offer include an option to renew for three years.

- Total floor area — whether the size of the potential central kitchen site is approximately 1,400 sq. m..

- Layout — whether the overall layout of the proposed central kitchen site falls within our expectation and can accommodate our proposed fish processing production line and automated meat processing machineries.

- Accessibility — whether the location of the proposed central kitchen site is in the vicinity of our existing workshops and accessible.

If we relocate our proposed central kitchen and cold storage after set-up, we will consider similar site selection criteria and may potentially need to incur an estimated relocation costs (mainly including renovation and installation cost) of HK$6.0 million, and as such, we aim to negotiate a lease with a duration of at least three years with an option to renew for another three years should we relocate our proposed central kitchen and cold storage.

Having considered that (i) the estimated payback period of our proposed central kitchen and cold storage is approximately five years which falls within the term of the potential lease with an aggregate duration of up to six years; (ii) it is not uncommon for restaurant operators to enter into a lease with a duration of three years with an option to renew for another three years according to CIC; and (iii) the potential and suitable premises which are currently identified by our Company and available for rent as at the Latest Practicable Date, the Sole Sponsor concurs with the view of our Directors that (i) a lease term of three years with an option to renew for another three years could sufficiently cover (a) the initial upfront cost of establishing the central kitchen and cold storage, (b) the estimated relocation costs and (c) the estimated rental adjustment terms of the lease option; and (ii) there is no foreseeable material difficulty for our Group to lease a suitable premises with the desired lease term.

Our Legal Counsel has advised that our Group is required to apply for a food factory licence, being a licence material to our operation, when establishing the new central kitchen and cold storage facilities. As at the Latest Practicable Date, our Directors do not foresee any material difficulty for our Group to obtain a food factory licence for our proposed central kitchen and cold storage facilities.

Uplift of our existing restaurants

We believe that the ambiences of our restaurants form an important part of our customers' dining experience. We have adopted a restaurant renovation policy to conduct major renovation after approximately five to seven years of operation which is formulated based on our Directors' past experience in operating Japanese restaurants and the general market practice and market condition. In order to stay competitive in the market, we place great emphasis on the up-keeping of (i) our brand image; (ii) the dining environment of our customers at our restaurants; (iii) aging of our kitchen equipment; and (iv) the working environment of our restaurant-level staff. Based on our Director's past experience, the design and decoration of our restaurants could remain in a relatively good condition during the term of the initial and renewal tenancy agreements (approximately five to seven years). Hence, we believe that the typical renovation interval of our restaurants generally ranges from five to seven years. For example, we conducted major renovation of Daikiya TST in 2016 which is five years after its commencement of operation in 2011. We will implement major renovation of our existing restaurants upon securing renewal of an existing tenancy agreement. Major renovation works will usually take one to two months subject to the size of the area under renovation and the surroundings to conduct the works.

We plan to carry out renovations in four of our existing restaurants by the end of September 2021. The four existing restaurants which we planned to refurbish had not undergone major renovation since their commencement of businesses. The following table sets out the restaurants that we plan to renovate, the month of commencement of operation of the restaurants, financial year of expected commencement of renovation, expected time of commencement of renovation, approximate renovation interval and the estimated total costs to be incurred:

Restaurant	**Month of commencement of operation of restaurant**	**Financial year of expected commencement of renovation**	**Expected time of commencement of renovation**	**Approximate renovation interval**	**Approximate licensed floor area**	**Estimated total costs**
				(approx. number of years)	*(sq. m.)*	*(approx. HK$'000)*
Daimanki MK	December 2012	FY2021	Q3 2020	7.8	513.99	6.7
Deluxe Daikiya TST	April 2014	FY2021	Q1 2021	7.0	400.48	5.3
Joy Daikiya	December 2014	FY2021	Q1 2021	6.3	818.65	10.7
Deluxe Daieiki CWB	September 2015	FY2022	Q3 2021	5.0	574.82	7.2
						29.9

Depending on the conditions of each premises, the refurbishment work of our four restaurants mainly include: (i) upgrade of restaurant image and renovation of restaurant concierge area; (ii) interior dining area wall and ceiling redecoration, lighting and audio equipment installation, and furniture and carpet replacement; (iii) kitchen equipment upgrade and fitting replacement; and (iv) air-conditioning replacement and electrical works. The total estimated costs for our renovation plan will be approximately HK$29.9 million by the year ending 30 September 2021, which will be funded by the net proceeds from the Share Offer. In addition, we may plan to carry out other refurbishment works, which will be financed by our internal resources. Our Directors believe that by renovating and refurnishing our restaurants, we can maintain our competitiveness, attract more customer traffic and increase our market share.

REASONS FOR LISTING

1. Strengthening our competitiveness in the market through the Listing

Our Directors believe that a Listing status is strategically important to the long-term growth of our Group as it will help promote our reputation, strengthen our competitiveness and enable us to capture more business opportunities by raising our brand publicity. This is particularly important to restaurant business in Hong Kong to increase its brand publicity and competitiveness. Our Directors are of the view that by way of the Listing, we can elevate our corporate image and status and strengthen confidence of our customers and suppliers, which in turn provides a more level playing field when we explore new business opportunities and implement our proposed expansion plans. In addition, our Directors believe that the Listing will increase our bargaining power in negotiating terms with our suppliers and potential business partners as a business relationship with a listed company will be more appealing to them. Our Directors believe that the increases in brand publicity and the creditability of being a listed company will enable our Group to increase our ability to secure better locations for our new restaurants in the future. Following the Listing, our brand will become more visible to the public which will increase confidence of our customers and suppliers in the quality of our services, our financial strength and credibility, transparency in operations and financial reporting and our internal control systems.

2. Providing sufficient funds for the implementation of our expansion plans

Given the nature of our business being restaurant operation in Hong Kong, we require substantial cash for funding our business operations as we are normally required to make advance payment to our contractors for renovation and landlords in order to maintain normal business operations. As a result, a substantial amount of advance cash payment is usually required to be made to our contractors and landlords before we generate any revenue from customers. As at 31 March 2017, 2018 and 2019, we were required to pay an advance to our contractors and landlords for the amount set out in the table below:

	As at 31 March		
Prepayment	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Current			
Prepayment	3,490	2,458	5,665
Rental and utilities deposits	3,717	17,735	9,979
Sub-total	7,207	20,193	15,644
Non-current			
Rental and utilities deposits	16,594	10,810	23,578
Total	23,801	31,003	39,222

Due to such nature of business, we expect to incur significant upfront costs for new restaurants opening.

The following table sets forth the working capital needs for future expansion subsequent to the Track Record Period and up to 31 March 2023:

	FY2020	FY2021	FY2022	FY2023	Total
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
New restaurant upfront costs					
— to be financed by internal resources	9.7	—	22.6	10.8	43.1
— to be financed by net proceeds from Listing	—	27.2	9.9	—	37.1
Sub-total	9.7	27.2	32.5	10.8	80.2
Upfront cost of set up central kitchen	—	46.8	3.2	—	50.0
Upgrade our existing restaurants	—	22.7	7.2	—	29.9
Total upfront costs	9.7	96.7	42.9	10.8	160.1

In view of the continuing expansion plans of our Group, our Directors believe that there is a genuine funding need to support our expansion plans by way of the Listing. As at 31 July 2019, our Group had an aggregate amount of cash and cash equivalent of approximately HK$71.5 million without any unutilised banking facility. Based on our Directors' estimation, our Group incur approximately HK$54.2 million monthly average operating costs during FY2019 as illustrated below:

	FY2017	FY2018	FY2019
	HK$'000	*HK$'000*	*HK$'000*
Cost of food and beverages	275,247	336,039	372,564
Employee benefits expense	105,257	135,509	140,071
Labour service charges	—	10,595	54,463
Leased Property Expenses	58,121	75,578	83,862
Total	438,625	557,721	650,960
Average operation cost per month	36,552	46,477	54,247

Our Directors believe that it is reasonable and necessary for our Group to maintain sufficient level of cash to maintain our business operation as well as finance our proposed expansion plans. For FY2019, our average monthly operating expense was approximately HK$54.2 million in order to sustain our daily operations and maintain spare cash to meet any contingent situation and our rental commitment, only HK$17.3 million out of HK$71.5 million of our cash resources as at 31 July 2019 can be freely utilised to fund our expansion plan. Therefore, our Directors considered that our cash and cash equivalents balance was just sufficient to maintain our current scale of business operations and taking into account the capital needs for expansion in the amounts of HK$9.7 million, HK$96.7 million, HK$42.9 million and HK$10.8 million which are required to finance our expansion plan for FY2020, FY2021, FY2022 and FY2023 respectively, our cash on hand is not sufficient to finance our expansion plan to a full extent and therefore may delay our expansion progress. Our Directors considered that without the net proceeds from the Share Offer, our current bank balances and cash may not be sufficient to support our business operations and our proposed expansion plans.

3. Additional source to raise capital to expand our business

Our Directors are of the view that the Listing is strategically critical to our long-term growth as it will provide us with additional sources to raise capital for our expansion and other development needs. During the Track Record Period and up to the Latest Practicable Date, we have funded our business activities primarily from cash generated from our operations. Our Directors have taken into account the following factors and considered that it is in the interest of our Group and our Shareholders as a whole to proceed with equity financing instead of debt financing:

(i) We did not have any unutilised banking facilities as at the Latest Practicable Date to be applied to implement our expansion plans;

(ii) Apart from our office premises, our Group does not own real property of substantial value or significant assets, we do not have significant amount of fixed assets which can be pledged as collaterals. Fund raising through debt financing normally would require pledge of assets of satisfactory nature and value as appraised by the financial institutions. Our Directors are of the view that without a Listing status and a significant amount of assets to be pledged as collaterals, our Company would have difficulty in obtaining bank borrowings, or we might not be able to obtain the bank borrowings at commercially favourable terms or might not be granted with a substantial amount of bank loan. We had explored the possibility of bank borrowings to finance our expansion plans with banks and financial institutions in Hong Kong and did not identify any opportunity to obtain external debt financing as at the Latest Practicable Date and we rely on our internal resources to meet our current capital needs;

(iii) Following the Listing, we will gain access to the capital market for fund raising and will assist our future business development and strengthen our competitiveness; following such, we will be able to access additional sources for future fund raising through the issuance of equity and debt securities for business development. Our Directors believe that with a Listing status, we will be in a better position to negotiate with banks and financial institutions and obtain more commercially favourable terms if we are a listed company with an enlarged capital base and brand awareness.

4. Enhancing corporate governance

Our Directors believe that through the Listing, the internal control and corporate governance practices of our Group would be further enhanced. Following the Listing, we are required to meet high standards with respect to internal control and corporate governance, which are instrumental in strengthening the overall control and supervision of our Group.

5. Attracting and retaining talents

We rely on experienced chefs and management personnel to support our daily operations. Human resources and talents are vital to our business. Our Directors believe that the Listing status can help us strengthen our manpower and attract, recruit and retain our valued chefs, management personnel and skilled employees.

Taking into consideration of the above, our Directors believe that the Listing is beneficial to our Company and its Shareholders as a whole.

BASES AND ASSUMPTIONS

The implementation plan set out by our Directors are based on the following bases and assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the prospects of the restaurant market in Hong Kong where we operate our business;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the social, political, economic or market conditions in which our Group operates;
- we will be able to renew and obtain the necessary licences, permits and qualifications for our existing and future business operations;
- there will be no material changes in the funding requirement for each of our Group's future plans described in this prospectus from the amount as estimated by our Directors;
- we continue our existing operations in substantially the same manner as they were carried out during the Track Record Period and we will also be able to carry out our future plans without material disruptions to our existing business;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;

- we will be able to retain our management team and recruit suitable staff for our expansion;
- there will no significant changes in our business relationship with our major suppliers;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group or cause substantial loss, damage or destruction to our properties or facilities; and
- our Group will not be materially affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus.

HONG KONG UNDERWRITERS

Alliance Capital Partners Limited
SBI China Capital Financial Services Limited
CMBC Securities Company Limited
Valuable Capital Limited
SPDB International Capital Limited
Zhongtai International Securities Limited
Caitong International Securities Company Limited
China Investment Securities International Brokerage Limited
Fulbright Securities Limited
Excellent Success Investments Limited
Jinghui Capital Limited
Pulsar Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 10,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

(a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and

(b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters)),

the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer, on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

Grounds for termination

The obligation of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) with immediate effect if any of the following events occur prior to 8:00 a.m. on the Listing Date:

(a) there develops, occurs, exists or comes into effect:

(i) any change or development involving a prospective change, or any event or series of events resulting in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal, regulatory or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollar or the RMB against any foreign currencies) or financial, social and political crises in or affecting Hong Kong, China, the United States, any member of the European Union, the Cayman Islands, the BVI or any other jurisdiction relevant to any member of our Group (collectively, the "**Relevant Jurisdictions**"); or

(ii) any new laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgements, decrees or rulings of any governmental authority (the "**Law**") or change or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application of the Law by any court or other competent authority in any of the Relevant Jurisdictions; or

(iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, outbreak of diseases, epidemics or pandemics (including, but not limited to SARS, swine or avian flu, H5N1, H5N6, H1N1, H1N7, H7N9 and such related) mutated forms, breakdown in computer or communication or telecommunication network or system, civil commotion, riot, public disorder, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption or delay in transportation) in or affecting any of the Relevant Jurisdictions; or

(iv) 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, declaration of a national or international emergency or war, or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(v) (1) any moratorium, suspension of, or restriction or limitation on, trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange or (2) a general moratorium on commercial banking activities in New York (imposed at Federal or New York State level or other competent authority), London, any member of the European Union, Japan, Hong Kong or China, declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, in any of the Relevant Jurisdictions; or

(vii) any change or prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions (including without limitation a devaluation of the Hong Kong dollar or the RMB against any foreign currencies) or the implementation of any exchange control in any of the Relevant Jurisdictions; or

(viii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) the commencement by any state, governmental, judicial, law enforcement agency or regulatory body or organisation (collectively the "**Organisations**") of any action, proceedings, investigation or enquiry, or any sanction, penalty or reprimand imposed or issued by any of the Organisations, against any member of our Group or any Director or an announcement by any of the Organisations that it intends to take any such action; or

(x) any litigation or claim being threatened or instigated against any member of our Group, any Director and/or any Controlling Shareholder; or

(xi) a Director being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(xii) the chairman or chief executive officer of our Company vacating his office; or

(xiii) a contravention by any member of our Group of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the Listing Rules or any applicable Laws or regulations; or

(xiv) a prohibition on our Company for whatever reason from allotting and issuing the Offer Shares (including any additional Shares issued under the exercise of the Over-allotment Option) under the terms of the Share Offer; or

(xv) non-compliance of this prospectus, the other relevant Hong Kong Public Offer documents (or any other documents used in connection with the subscription or sale of the Offer Shares) or any aspect of the Share Offer with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the Listing Rules, the SFO, the Articles of Association or any other applicable Laws or regulations; or

(xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus, the other relevant Hong Kong Public Offer documents (or to any other documents used in connection with the subscription or sale of the Offer Shares) under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xvii) a valid 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 before its stated maturity; or

(xviii) any loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xix) a petition is presented for the winding up or liquidation of any member of our Group or bankruptcy of any Director, or any member of our Group or any Director makes any composition or arrangement with its or his 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 to take over all or part of the assets or undertaking of any member of our Group or any Director or any analogous matter occurs in respect of any member of our Group or any Director,

and which, in any such case and in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters),

(1) is or will or is likely to be materially adverse to, or materially and prejudicially affect, the business, management, financial or trading position or prospects of our Group as a whole; or

(2) has or will have or is likely to have an adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or

(3) makes or will make or is likely to make it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offer and/or the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(4) makes or will make or is likely to make it impracticable, inadvisable or inexpedient for any part of the Hong Kong Underwriting Agreement (including underwriting), the Hong Kong Public Offer and/or the Share Offer (including processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof) to be performed or implemented as envisaged; or

(b) there has come to the notice of the Sole Global Coordinator after the date of the Hong Kong Underwriting Agreement:

(i) any statement or information, or any matter or circumstance that renders or could render any statement or information, contained in this prospectus, the Application Forms, the formal notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offer and/or the International Placing (including any supplement or amendment to any of the documents) (collectively, the "**Offer Documents**") was or has or may become, untrue, incorrect or misleading in any material respect or that any estimate, forecast, expression of opinion, intention or expectation expressed in any Offer Document is not or may not be, in the sole and absolute opinion of the Sole Global Coordinator, fair and honest and based on reasonable assumptions; or

(ii) any matter or circumstance has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, constitute a material omission from any of the Offer Documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto); or

(iii) any breach of, or any event rendering untrue, incorrect or misleading in any respect, any of the warranties or confirmations given by our Company, our executive Directors in the Hong Kong Underwriting Agreement or the International Underwriting Agreement given by our Company, our Controlling Shareholders and our executive Directors; or

(iv) any breach of any of the obligations, confirmations or undertakings of our Company, our Controlling Shareholders or our executive Directors under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(v) any event, act or omission which gives or may give or is likely to give rise to any liability of any of our Company, our Controlling Shareholders and our executive Directors pursuant to the indemnity provisions under the Hong Kong Underwriting Agreement; or

(vi) any information, matter or event which in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters);

(1) is inconsistent in any respect with any information contained in Form B in Appendix 5 to the Listing Rules given by our Directors; or

(2) would cast any serious doubt on the integrity or reputation of any Director or the reputation of our Group; or

(vii) any material adverse change or development or prospective material adverse change or development in the conditions, business, general affairs, management, prospects, assets, liabilities, shareholders' equity, profits, losses, operating results, the financial or trading position or performance of any member of our Group; or

(viii) approval by the Listing Committee of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, on or before the date of approval of the listing of the Shares on the Main Board of the Stock Exchange, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(ix) our Company withdraws any of the Hong Kong Public Offer documents (and any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or the Share Offer; or

(x) any expert (other than the Sole Global Coordinator, the Joint Lead Managers, the Joint Bookrunners and any of the Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents,

then the Sole Global Coordinator may, upon giving notice orally or in writing to our Company, the Joint Lead Managers, the Joint Bookrunners and the Hong Kong Underwriters, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings given to the Stock Exchange pursuant to the Listing Rules

By our Company

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to issue any such Shares or securities within six months from the Listing Date (whether or not such issue of Shares will be completed within six months from the Listing Date), except pursuant to the Share Offer (including the exercise of the Over-allotment Option) or in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07 (1)(a) of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Share Offer, the Over-allotment Option or the Stock Borrowing Agreement, it/he shall not:

(a) in the period commencing on the date by reference to which disclosure of its/his shareholdings in our Company is made in 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 securities that it/he is shown to beneficially own in this prospectus (the "**Relevant Shares**"); or

(b) in the period of a further six months commencing on the date on the First Six-Month Period expires (the "**Second Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Controlling Shareholders will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he will:

(a) when it/he pledges or charges any securities in our Company beneficially owned by it/him in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and

(b) when it/he receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it/him will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings given to the Hong Kong Underwriters under the Hong Kong Underwriting Agreement

Undertakings by our Company

We have undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except for the issue of Shares under the Share Offer and the Over-allotment Option and any options which may be granted under the Share Option Scheme, at any time from the date of the Hong Kong Underwriting Agreement up to and including the date falling on the date when the First Six-Month Period expires, our Company will not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(a) offer, accept subscription for, pledge, charge, mortgage, allot, issue, sell, assign, contract to allot, issue or 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, or repurchase, any of our share capital or securities of our Company or any interest in our securities or any voting right or any other right attaching thereto (including but not limited any securities convertible into, exercisable or exchangeable for, or that represent the right to receive such share capital or securities or any interest in our share or debt capital); or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share or debt capital or securities or any interest in our securities or any voting right or any other right attaching thereto; or

(c) offer or agree or contract to enter or enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or

(d) publicly announce any intention to enter into any transaction described in (a), (b) or (c) above,

whether any of the foregoing transactions described in (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise. We further agree that in the event of an issue or a disposal of any Shares, securities or any interest of our securities or any voting right or any other right attaching thereto after the First Six-month Period, we will take all reasonable steps to ensure that such an issue or a disposal will not create a disorderly or false market for the Shares.

By our Controlling Shareholders

Each of our Controlling Shareholders has undertaken with our Company, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Hong Kong Underwriters that, except pursuant to the Share Offer (including the exercise of the Over-allotment Option), the Stock Borrowing Agreement or the Share Option Scheme, our Controlling Shareholders will not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), at any time:

(i) during the First Six-month Period:

(a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or grant, contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interest or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, or cause us to repurchase, any of our share or debt capital or our other securities or any interest in our share or debt capital or any voting right or any other right attaching thereto (including but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any of our share or debt capital or our other securities or any interest in our share or debt capital whether now owned or subsequently acquired, owned directly by our Controlling Shareholders (including holding as a custodian) or with respect to which our Controlling Shareholders have beneficial ownership (collectively the "**Lock-up Shares**")). The foregoing restriction is expressly agreed to preclude our Controlling Shareholders from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than our Controlling Shareholders. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of our share or debt capital or our other securities or any interest in our share or debt capital or any voting right or any other right attaching thereto; or

(c) offer or agree or contract to enter or enter into any transaction with the same economic effect as any transaction described in (i)(a) or (i)(b) above; or

(d) publicly announce any intention to enter into, any transaction described in (i)(a), (i)(b) or (i)(c) above,

whether any transaction described in (i)(a), (i)(b) or (i)(c) above is to be settled by delivery of Shares or such other securities in cash or otherwise; and

(ii) during the Second Six-Month Period enter into any of the transactions in paragraphs (i)(a), (i)(b) or (i)(c) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, our Controlling Shareholders will cease to be the controlling shareholders of our Company (as defined in the Listing Rules). Our Controlling Shareholders further agree that in the event of a disposal of any Shares, securities or any interest of our securities or any voting right or any other right attaching thereto after the Second Six-month Period, our Controlling Shareholders will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares.

Each of our Controlling Shareholders has undertaken to each of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that at any time during the period from the commencement of the First Six-month Period to the date on which the Second Six-month Period expires, it/he shall:

(a) if it/he pledges or charges or otherwise creates encumbrances over any Shares or securities of our Company or interests therein in respect of which it/he is the beneficial owner, whether directly or indirectly, immediately inform each of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters in writing of any such pledges or charges or encumbrances and the number of Shares or securities of our Company so pledged or charged or encumbered; and

(b) if it/he receives any indication, either verbal or written, from any pledgee or chargee or encumbrance or such third party that any of the pledged, charged, encumbered Shares or other securities of our Company will be disposed of, immediately inform each of our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Sole Global Coordinator and the Hong Kong Underwriters in writing of any such indication.

Voluntary undertakings to the Underwriters

In addition to the undertaking pursuant to Rule 10.07(3) of the Listing Rules, each of our Controlling Shareholders jointly undertakes and each of the Minority Shareholders undertakes severally but not jointly to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters on a voluntary basis that it/he/she will not at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on and including, the date that is 18 months after the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any option, rights, interest or encumbrances in respect of, any of the securities of our Company in respect of which it/he/she is shown by this prospectus to be the beneficial owners.

Indemnity

We and our Controlling Shareholders have agreed to indemnify the Hong Kong Underwriter(s) for 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.

The International Placing

International Placing

In connection with the International Placing, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Placing Shares or procure purchasers for the International Placing Shares initially being offered pursuant to the International Placing. Please refer to the section headed "Structure of the Share Offer — The International Placing" in this prospectus.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Sole Global Coordinator on behalf of the International Underwriters from the date of the International Underwriting Agreement until 30 days from the last day for the lodging of applications under the Hong Kong Public Offer to require us to issue and allot up to an aggregate of 15,000,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Share Offer and at the Offer Price, to cover, among other things, any over-allocations in the International Placing, if any.

Total Commission and Expenses

We will pay the Sole Global Coordinator (for itself and on behalf of the other Underwriters) an underwriting commission of not less than 8% of the aggregate Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer (excluding any International Placing Shares reallocated to the Hong Kong Public Offer and any Hong Kong Offer Shares reallocated to the International Placing), out of which the Underwriters will pay all sub-underwriting commission, if any. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the Sole Global Coordinator and the relevant International Underwriters, but not the Hong Kong Underwriters. The amount of underwriting commission is estimated to be approximately HK$21.6 million (based on the mid-point of our indicative Offer Price Range).

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$1.80 (being the mid-point of the stated range of the Offer Price between HK$1.60 and HK$2.00), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Share Offer, are estimated to amount in aggregate to HK$50.0 million in total and are payable by us.

Restrictions on the Offer Shares

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

Underwriters' interests in our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this prospectus, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Share Offer, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

THE SHARE OFFER

This prospectus is published in connection with the Hong Kong Public Offer as part of the Share Offer. The Share Offer comprises:

- the Hong Kong Public Offer of initially 10,000,000 Offer Shares (subject to adjustments as mentioned below) in Hong Kong as described below in the paragraph headed "The Hong Kong Public Offer"; and
- the International Placing of initially 90,000,000 Offer Shares (subject to adjustments and the Over-allotment Option as described below) outside the United States (including to professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S as described below in the paragraph headed "The International Placing".

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offer; or
- apply for or indicate an interest for the International Placing Shares under the International Placing,

but may not do both.

The 100,000,000 Offer Shares in the Share Offer will represent 25% of our enlarged share capital immediately after the completion of the Share Offer and the Capitalisation Issue, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent 27.7% of our enlarged share capital immediately following the completion of the Share Offer and the Capitalisation Issue.

References to applications, application forms, application monies or procedure for applications relate solely to the Hong Kong Public Offer.

THE HONG KONG PUBLIC OFFER

Number of Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 10,000,000 Offer Shares, representing 10% of the total number of Offer Shares initially available under the Share Offer. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the number of Offer Shares initially offered under the Hong Kong Public Offer will represent 2.5% of our enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue, assuming the Over-allotment Option is not exercised.

The Hong Kong Public Offer 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 that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offer is subject to the conditions as set forth below in "Conditions of the Share Offer".

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offer will be based on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis 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.

The final Offer Price, the level of indication of interest in the International Placing, level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares are expected to be announced on Thursday, 13 February 2020 through a variety of channels as described in section headed "How to Apply for the Hong Kong Offer Shares — 11. Publication of results" of this prospectus.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offer is to be divided equally into two pools:

- ***Pool A:*** The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable); and

- ***Pool B:*** The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable).

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If the Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of the Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Hong Kong Offer Shares in either Pool A or Pool B. When there is over-subscription, allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offer, both in relation to Pool A and Pool B, will be based on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation in each pool may vary, depending on the number of the Hong Kong Offer Shares validly applied for by each applicant. Multiple or suspected multiple applications and any application for more than 5,000,000 Hong Kong Offer Shares (i.e. approximately 50% of the 10,000,000 Shares initially comprised in the Hong Kong Public Offer) are liable to be rejected.

Reallocation

The Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

The allocation of Shares between the Hong Kong Public Offer and the International Placing is subject to reallocation on the following basis:

(a) Where the International Placing Shares are fully subscribed or oversubscribed:

(i) if the Hong Kong Offer Shares are undersubscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator deems appropriate;

(ii) if the Hong Kong Offer Shares are not undersubscribed but the number of Offer Shares validly applied for under the Hong Kong Public Offer represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then up to 10,000,000 Offer Shares may be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 20,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option);

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then 20,000,000 Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 30,000,000 Offer Shares, representing 30% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option);

(iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then 30,000,000 Shares will be reallocated to the Hong Kong

Public Offer from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 40,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option); and

(v) if the number of Offer Shares validly applied for under the Hong Kong Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then 40,000,000 Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 50,000,000 Offer Shares, representing 50% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option).

(b) Where the International Placing Shares are undersubscribed:

(i) If the Hong Kong Offer Shares are undersubscribed, the Share Offer will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

(ii) If the Hong Kong Offer Shares are oversubscribed, irrespective of the number of times the number of Offer Shares initially available for subscription under the Hong Kong Public Offer, then up to 10,000,000 Offer Shares may be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 20,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option).

In the event of reallocation of Offer Shares between the Hong Kong Public Offer and the International Placing in the circumstances where (x) the International Placing Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (y) the International Placing Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price Range (i.e. HK$1.60 per Offer Share) stated in this prospectus.

In addition, the Sole Global Coordinator (for itself and on behalf of the Underwriters) may reallocate the Offer Shares from the International Placing to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of

Hong Kong Offer Shares that may be reallocated to the Hong Kong Public Offer following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offer (i.e. 20,000,000 Hong Kong Offer Shares.)

In the event of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offer in the circumstances under paragraph (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the number of Offer Shares allocated to the International Placing will be correspondingly reduced.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offer.

If the Hong Kong Public Offer is not fully subscribed, the Sole Global Coordinator may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator deems appropriate.

Applications

Each applicant under the Hong Kong Public Offer will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has 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 International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Placing Shares under the International Placing.

THE INTERNATIONAL PLACING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Placing 90,000,000 Offer Shares, representing 90% of the Offer Shares under the Share Offer. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the number of Offer Shares offered under the International Placing will represent 22.5% of our enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue, assuming the Over-allotment Option is not exercised.

Allocation

The International Placing Shares will conditionally be offered to selected professional, institutional and corporate investors and other investors in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. 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. Prospective professional, institutional and other investors will be required to specify the number of the International Placing Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to the Price Determination Date.

Allocation of the International Placing Shares pursuant to the International Placing will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, 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, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offer to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that they are excluded from any applications of Hong Kong Offer Shares under the Hong Kong Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Placing may change as a result of the clawback arrangement as described above in the paragraph headed "The Hong Kong Public Offer — Reallocation" or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, it is expected that we will grant the Over-allotment Option to the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at any time from the Listing Date within 30 days from the last date for lodging applications under the Hong Kong Public Offer, to require our Company to issue up to 15,000,000 Shares, representing 15% of the Offer Shares initially available under the Share Offer, at the Offer Price under the International Placing to cover over-allocations in the International Placing, if any.

If the Over-allotment Option is exercised in full, the additional Shares to be issued pursuant thereto will represent approximately 3.6% of our enlarged issued share capital immediately following the completion of the Share Offer and the Capitalisation Issue. In the event that the Over-allotment Option is exercised, an announcement will be made.

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 securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Share Offer, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any persons acting for it, to conduct any such stabilising action. Such stabilising action, if taken, will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offer.

Stabilisation action permitted in Hong Kong under the Securities and Futures (Price Stabilising) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in Shares should note that:

- the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market, may have an adverse impact on the market price of the Shares;

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date and is expected to expire on 5 March 2020, being the 30th day after the last day for lodging applications under the Hong Kong Public Offer. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and

- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price, which means that stabilising bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Share Offer, the Stabilising Manager (or any person acting for it) may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or through the Stock Borrowing Agreement as detailed below or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Share Offer, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, from Satisfied Bliss up to 15,000,000 Shares, representing 15% of the total number of the Offer Shares initially available for the Share Offer pursuant to the Stock Borrowing Agreement. If such Stock Borrowing Agreement is entered into, it will comply with the requirements set forth in Rule 10.07(3) of the Listing Rules and thus not subject to the restrictions of Rule 10.07(1) of the Listing Rules, and it will only be effected by the Stabilising Manager for settlement of Over-allocations in the International Placing.

PRICING AND ALLOCATION

Our Company and the Sole Global Coordinator (on behalf of the Underwriters) will determine the Offer Price and sign an agreement on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around 6 February 2020, and in any event, not later than 7 February 2020.

The Offer Price will not be more than HK$2.00 per Offer Share and is expected to be not less than HK$1.60 per Offer Share, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offer as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offer, you must pay the maximum price of HK$2.00 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% on each Offer Share, amounting to a total of HK$4,040.31 for one board lot of 2,000 Shares.

If the Offer Price, as finally determined in the manner described below, is lower than HK$2.00, we will refund the respective difference, including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies. We will not pay interest on any refunded amounts. For more details, see "How to Apply for Hong Kong Offer Shares" in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offer.

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 a book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the Offer Price Range below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer publish a notice on our website at **www.daikiya.hk** and the website of the Stock Exchange at **www.hkexnews.hk** (the contents of the website do not form a part of this prospectus). Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price Range will be final and conclusive and the Offer Price, if agreed upon by us, will be fixed within such revised Offer Price Range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Such notice will also confirm or revise, as appropriate, the working capital statement, the Share Offer statistics as currently set out in "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Sole Global Coordinator (on behalf of the Underwriters) will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offer, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price Range is reduced, applicants 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.

In the event of a reduction in the number of Offer Shares, the Sole Global Coordinator may, at its discretion, reallocates the number of Offer Shares to be offered in the Hong Kong Public Offer and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offer shall not be less than 10% of the total number of Offer Shares available under the Share Offer (assuming the Over-allotment Option is not exercised).

The final Offer Price, the level of indication of interest in the International Placing, the basis of allotment of Offer Shares available under the Hong Kong Public Offer and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer are expected to be made available in a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares is conditional on, *inter alia*:

- the Listing Committee granting approval for the listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option);

- the Offer Price having been agreed between us and the Sole Global Coordinator (on behalf the Underwriters); and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (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 that is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (on behalf of the Underwriters) on or before Friday, 7 February 2020, the Share Offer will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offer will be published on our website at **www.daikiya.hk** and the website of the Stock Exchange at **www.hkexnews.hk** on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares — 13. Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in 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).

UNDERWRITING AGREEMENTS

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other conditions, us and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed "Underwriting" in this prospectus.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 14 February 2020, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 14 February 2020.

The Shares will be traded in board lots of 2,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing 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** or by the **IPO App**; 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, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the 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 Share Offer; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

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** or the **IPO App**.

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 from 9:00 a.m. on Friday, 24 January 2020 to 12:00 noon on Tuesday, 4 February 2020 from:

(i) any of the following offices of the Underwriters:

Alliance Capital Partners Limited	Room 1502–03A Wing On House 71 Des Voeux Road Central Central Hong Kong
SBI China Capital Financial Services Limited	4/F, Henley Building 5 Queen's Road Central Central Hong Kong

CMBC Securities Company Limited	45/F, One Exchange Square 8 Connaught Place Central Hong Kong
Valuable Capital Limited	Room 2808, 28/F China Merchants Tower Shun Tak Centre 168–200 Connaught Road Central Hong Kong
SPDB International Capital Limited	33/F, SPD Bank Tower One Hennessy 1 Hennessy Road Hong Kong
Zhongtai International Securities Limited	19/F, Li Po Chun Chambers 189 Des Voeux Road Central Central Hong Kong
Caitong International Securities Company Limited	Unit 2401–03, 24/F Grand Millennium Plaza 181 Queen's Road Central Hong Kong
China Investment Securities International Brokerage Limited	Level 17 Three Pacific Place 1 Queen's Road East Hong Kong
Fulbright Securities Limited	33/F, Cosco Tower Grand Millennium Plaza 183 Queen's Road Central Hong Kong
Excellent Success Investments Limited	22/F, China Overseas Building 139 Hennessy Road Wan Chai Hong Kong
Jinghui Capital Limited	Room 2703 27/F, Hysan Place 500 Hennessy Road Causeway Bay Hong Kong

Pulsar Capital Limited	Unit 318, 3/F Shui On Centre 6–8 Harbour Road Wanchai Hong Kong

(ii) any of the following branches of the following receiving banks for the Hong Kong Public Offer:

(a) Bank of China (Hong Kong) Limited

District	**Branch Name**	**Address**
Hong Kong Island	King's Road Branch	131–133 King's Road, North Point, Hong Kong
Kowloon	Prince Edward Road West (Mong Kok) Branch	116–118 Prince Edward Road West, Mong Kok, Kowloon
New Territories	City One Sha Tin Branch	Shop Nos. 24–25, G/F, Fortune City One Plus, No. 2 Ngan Shing Street, Sha Tin, New Territories
	Texaco Road Branch	Shop A112, East Asia Gardens, 36 Texaco Road, Tsuen Wan, New Territories

(b) Bank of Communications (Hong Kong) Limited

District	**Branch Name**	**Address**
Hong Kong Island	Quarry Bay Branch	Shops 3 and 4 on G/F., 981A-981F King's Road, Chung Hing Mansion, Quarry Bay, Hong Kong
Kowloon	Wong Tai Sin Branch	Shop N118, 1/F., Temple Mall North, 136 Lung Cheung Road, Wong Tai Sin, Kowloon

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 24 January 2020 until 12:00 noon on Tuesday, 4 February 2020 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 "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — DAIKIYA PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Friday, 24 January 2020 — 9:00 a.m. to 5:00 p.m.
- Wednesday, 29 January 2020 — 9:00 a.m. to 5:00 p.m.
- Thursday, 30 January 2020 — 9:00 a.m. to 5:00 p.m.
- Friday, 31 January 2020 — 9:00 a.m. to 5:00 p.m.
- Saturday, 1 February 2020 — 9:00 a.m. to 1:00 p.m.
- Monday, 3 February 2020 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 4 February 2020 — 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, 4 February 2020, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form 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 (Winding Up and Miscellaneous Provisions) 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 Share Offer in this prospectus;

(vi) agree that none of our Company, the Sole Global Coordinator, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving banks, the Sole Global Coordinator, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Global Coordinator, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the 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 are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company 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 to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; 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" section, 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** or the **IPO App**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website or in the **IPO App**. 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 or the **IPO App**, 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 service

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** or in the **IPO App** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 24 January 2020 until 11:30 a.m. on Tuesday, 4 February 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 4 February 2020 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** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for 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** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the 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 Branch Share Registrar.

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 Placing;
- 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;
- agree that none of our Company, the Sole Global Coordinator, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving banks, the Sole Global Coordinator, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any 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 (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for 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 our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the 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(1)

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Friday, 24 January 2020 — 9:00 a.m. to 8:30 p.m.
- Wednesday, 29 January 2020 — 8:00 a.m. to 8:30 p.m.
- Thursday, 30 January 2020 — 8:00 a.m. to 8:30 p.m.
- Friday, 31 January 2020 — 8:00 a.m. to 8:30 p.m.
- Saturday, 1 February 2020 — 8:00 a.m. to 1:00 p.m.
- Monday, 3 February 2020 — 8:00 a.m. to 8:30 p.m.
- Tuesday, 4 February 2020 — 8:00 a.m. 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 and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 24 January 2020 until 12:00 noon on Tuesday, 4 February 2020 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 4 February 2020, 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 (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bankers, the Sole Global Coordinator, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

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 day in making your electronic applications. Our Company, our Directors, the Sole Global Coordinator, the Joint Lead Managers, the Sole Sponsor 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, Tuesday, 4 February 2020.

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 that company;
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that 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 Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong 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** or in the **IPO App**.

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 Share Offer — Pricing and Allocation" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warming signal number 8 or above; or
- "extreme conditions" caused by super typhoons; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 4 February 2020. 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 our application lists do not open and close on Tuesday, 4 February 2020 or if there is a tropical cyclone warning signal number 8 or above, "extreme conditions" caused by super typhoons or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares on 13 February 2020 on our Company's website at **www.daikiya.hk** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer 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.daikiya.hk** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m., 13 February 2020;

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** and **www.hkeipo.hk/iporesult** or **IPO App** with a "search by ID" function on a 24-hour basis from 8:00 a.m., 13 February 2020 to 12:00 midnight, 19 February 2020;

- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from 13 February 2020 to 18 February 2020 on a business day;

- in the special allocation results booklets which will be available for inspection during opening hours from 13 February 2020 to 17 February 2020 at all the receiving banks' designated 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 Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED 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 to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its 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 the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the 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 Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website or in the **IPO App**;
- 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 Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$2.00 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with "Structure of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 13 February 2020.

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 Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the 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 dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Thursday, 13 February 2020. 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., Friday, 14 February 2020 provided that the Share Offer 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 Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 13 February 2020 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 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 Thursday, 13 February 2020, by ordinary post and at your own risk.

(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 Thursday, 13 February 2020, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 13 February 2020, 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 Offer 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 Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 13 February 2020 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 the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 13 February 2020, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions 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 Thursday, 13 February 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of 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 Thursday, 13 February 2020, 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 Offer in the manner specified in "Publication of Results" above on Thursday, 13 February 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 13 February 2020 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 Thursday, 13 February 2020. 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.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 13 February 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountant's Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DAIKIYA GROUP HOLDINGS LIMITED AND ALLIANCE CAPITAL PARTNERS LIMITED

Introduction

We report on the historical financial information of Daikiya Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-62, which comprises the combined statements of financial position as at 31 March 2017, 2018 and 2019 and 31 July 2019, the company statement of financial position as at 31 March 2019 and 31 July 2019, 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 periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-62 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 24 January 2020 (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.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 March 2019 and 31 July 2019 and the combined financial position of the Group as at 31 March 2017, 2018 and 2019 and 31 July 2019 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statements of comprehensive income, changes in equity and cash flows for the four months ended 31 July 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements

2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 11 to the Historical Financial Information which contains information about the dividends paid by a company now comprising the Group in respect of the Track Record Period. No dividends have been paid by the Company since its incorporation in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 January 2020

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 March			Four months ended 31 July	
		2017	**2018**	**2019**	**2018**	**2019**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue	5	555,160	713,184	839,021	288,853	263,423
Other income	6	1,096	1,688	1,709	622	673
Cost of food and beverages		(275,247)	(336,039)	(372,564)	(128,266)	(117,663)
Employee benefits expenses	8	(105,257)	(135,509)	(140,071)	(45,349)	(51,679)
Labour service charges		—	(10,595)	(54,463)	(18,492)	(16,589)
Share-based payment expenses	25	(4,942)	(35,893)	—	—	—
Depreciation		(62,590)	(82,878)	(89,958)	(30,142)	(32,296)
Utility expenses		(10,798)	(14,255)	(16,897)	(5,975)	(5,703)
Other operating expenses		(34,502)	(42,612)	(43,176)	(14,183)	(16,079)
Listing expenses		—	(450)	(6,506)	(538)	(5,562)
		62,920	56,641	117,095	46,530	18,525
Finance cost, net	7	(5,001)	(5,373)	(4,714)	(1,519)	(2,161)
Profit before taxation	8	57,919	51,268	112,381	45,011	16,364
Income tax expense	10	(10,849)	(14,007)	(20,173)	(7,516)	(3,682)
Profit and total comprehensive income for the year/period, net of tax		47,070	37,261	92,208	37,495	12,682
Profit attributable to:						
Owners of the Company		44,939	35,886	92,208	37,495	12,728
Non-controlling interests		2,131	1,375	—	—	(46)
		47,070	37,261	92,208	37,495	12,682
Earnings per share for profit attributable to equity holders of the Company — Basic and diluted earnings per share (expressed in HK$ per share)	12	N/A	N/A	N/A	N/A	N/A

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 March			As at 31 July
		2017	2018	2019	2019
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	13	40,281	47,850	30,803	34,175
Right-of-use assets	14	139,269	157,436	172,168	196,585
Deposits and other receivables	17	16,594	10,810	23,578	22,053
Prepayments for property, plant and equipment	17	392	—	3,581	16
Deferred income tax assets	23	2,630	4,188	5,311	6,035
		199,166	220,284	235,441	258,864
CURRENT ASSETS					
Inventories	15	2,044	3,617	3,183	3,719
Prepayments	17	3,490	2,608	7,903	9,959
Deposits and other receivables	17	3,891	24,802	16,727	16,891
Amounts due from related parties	18	11,122	10,082	13,942	7,061
Amounts due from shareholders	18	16,709	—	—	—
Trade receivables	16	1,566	6,553	5,871	890
Income tax recoverable		328	—	—	—
Cash and cash equivalents	19	75,736	66,141	82,133	71,476
		114,886	113,803	129,759	109,996
Total assets		314,052	334,087	365,200	368,860
EQUITY					
Equity attributable to owners of the Company					
Combined share capital	28	1,206	119	119	119
Reserves	24	93,793	13,180	105,388	58,116
		94,999	13,299	105,507	58,235
Non-controlling interests		3,951	—	—	1,454
Total equity		98,950	13,299	105,507	59,689

		As at 31 March			As at 31 July
		2017	**2018**	**2019**	**2019**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
LIABILITIES					
NON-CURRENT LIABILITIES					
Other non-current liabilities	21	4,200	5,300	4,500	4,900
Lease liabilities	14	93,914	93,641	100,820	124,389
Deferred income tax liabilities	23	174	292	173	162
		98,288	99,233	105,493	129,451
CURRENT LIABILITIES					
Borrowings	22	—	4,334	4,151	4,089
Trade payables	20	15,476	23,270	23,300	25,485
Other payables and accruals	21	18,925	35,609	29,766	29,231
Dividend payable		—	63,130	708	30,708
Lease liabilities	14	54,733	64,672	69,193	71,981
Amounts due to related parties	18	10,003	5,722	4,084	688
Current income tax liabilities		17,677	24,818	22,998	17,538
		116,814	221,555	154,200	179,720
Total liabilities		215,102	320,788	259,693	309,171
Total equity and liabilities		314,052	334,087	365,200	368,860

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 March 2019	As at 31 July 2019
		HK$'000	*HK$'000*
Current asset			
Prepayment for listing expenses	17	2,238	3,647
		2,238	3,647
Total asset		2,238	3,647
Deficit			
Share capital	28	—	—
Reserves	24	(570)	(7,512)
Total deficit		(570)	(7,512)
Current liability			
Amount due to a related company	18	2,808	11,159
Total liability		2,808	11,159
Total deficit and liability		2,238	3,647

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Combined share capital	Retained earnings	Reserves (Note 24)	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	14	43,912	—	43,926	1,820	45,746
Comprehensive income						
Profit for the year	—	44,939	—	44,939	2,131	47,070
Total comprehensive income	—	44,939	—	44,939	2,131	47,070
Transactions with owners						
Share-based compensation (Note 25)						
— Employees	—	—	297	297	—	297
— Non-employees	—	—	4,645	4,645	—	4,645
Incorporation of companies now comprising the Group	1,192	—	—	1,192	—	1,192
Total transactions with owners in their capacity as owners	1,192	—	4,942	6,134	—	6,134
At 31 March 2017	1,206	88,851	4,942	94,999	3,951	98,950
At 1 April 2017	1,206	88,851	4,942	94,999	3,951	98,950
Comprehensive income						
Profit for the year	—	35,886	—	35,886	1,375	37,261
Total comprehensive income	—	35,886	—	35,886	1,375	37,261
Transactions with owners						
Share-based compensation (Note 25)						
— Employees	—	—	34,872	34,872	—	34,872
— Non-employees	—	—	1,021	1,021	—	1,021
Incorporation of companies now comprising the Group	76	—	—	76	—	76
Incorporation of Ripple Power pursuant to Reorganisation	93	—	—	93	—	93
Conversion of employee share award into shares in Ripple Power (Note 25)	20	—	—	20	—	20
Conversion of non-controlling interest in certain subsidiaries into shares in Ripple Power (Note 25)	6	—	5,326	5,332	(5,326)	6
Recapitalisation	(1,282)	—	1,282	—	—	—
Dividends (Note 11)	—	(124,737)	(34,263)	(159,000)	—	(159,000)
Total transactions with owners in their capacity as owners	(1,087)	(124,737)	8,238	(117,586)	(5,326)	(122,912)
At 31 March 2018	119	—	13,180	13,299	—	13,299

	Attributable to owners of the Company					
	Combined share capital	**Retained earnings**	**Reserves** *(Note 24)*	**Total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2018	119	—	13,180	13,299	—	13,299
Comprehensive income						
Profit for the year	—	92,208	—	92,208	—	92,208
Total comprehensive income	—	92,208	—	92,208	—	92,208
At 31 March 2019	119	92,208	13,180	105,507	—	105,507
At 1 April 2019	119	92,208	13,180	105,507	—	105,507
Comprehensive income						
Profit for the period	—	12,728	—	12,728	(46)	12,682
Total comprehensive income	—	12,728	—	12,728	(46)	12,682
Transactions with owners						
Issuance of shares to non-controlling interests	—	—	—	—	1,500	1,500
Dividends *(Note 11)*	—	(60,000)	—	(60,000)	—	(60,000)
Total transaction with owner in their capacity as owners	—	(60,000)	—	(60,000)	1,500	(58,500)
At 31 July 2019	119	44,936	13,180	58,235	1,454	59,689
(Unaudited)						
At 1 April 2018	119	—	13,180	13,299	—	13,299
Comprehensive income						
Profit for the period	—	37,495	—	37,495	—	37,495
Total comprehensive income	—	37,495	—	37,495	—	37,495
At 31 July 2018	119	37,495	13,180	50,794	—	50,794

COMBINED STATEMENTS OF CASH FLOWS

		Year ended 31 March			Four months ended 31 July	
		2017	2018	2019	2018	2019
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Cash flows from operating activities						
Cash generated from operations	26(a)	132,188	175,028	192,334	82,192	57,816
Interest paid		(5,562)	(6,145)	(5,600)	(1,808)	(2,492)
Hong Kong profits tax paid		(1,531)	(7,978)	(23,235)	(3,614)	(9,877)
Net cash flows generated from operating activities		125,095	160,905	163,499	76,770	45,447
Cash flows from investing activities						
Purchases of property, plant and equipment		(14,959)	(35,567)	(4,963)	(545)	(4,902)
Cash advance to shareholders		(57,582)	(19,161)	(2,422)	(1,691)	—
Amounts due from related parties		(6,102)	1,898	(3,860)	(976)	6,881
Net cash flows (used in)/generated from investing activities		(78,643)	(52,830)	(11,245)	(3,212)	1,979
Cash flows from financing activities						
Listing expenses paid		—	(150)	(1,936)	(179)	(1,568)
Dividend paid	11	—	(60,000)	(60,000)	—	(30,000)
Principal elements of lease payments		(47,789)	(61,874)	(73,225)	(23,351)	(24,797)
Proceeds from borrowings	26(c)	—	4,472	—	—	—
Repayment of borrowings	26(c)	—	(138)	(183)	(61)	(62)
Capital contribution from non-controlling interests		—	—	—	—	1,500
Capital contribution by shareholders of the Company		1,192	195	—	—	—
Amounts due to related parties		6,551	(175)	(918)	982	(3,156)
Net cash flows used in financing activities		(40,046)	(117,670)	(136,262)	(22,609)	(58,083)
Net increase/(decrease) in cash and cash equivalents		6,406	(9,595)	15,992	50,949	(10,657)
Cash and cash equivalents at the beginning of the year/period		69,330	75,736	66,141	66,141	82,133
Cash and cash equivalents at the end of the year/period	19	75,736	66,141	82,133	117,090	71,476

During the year ended 31 March 2018, the Group declared a dividend of HK$159,000,000. The dividend was partially settled during the years ended 31 March 2018 and 2019 through amounts due from shareholders of HK$35,870,000 and HK$2,422,000 respectively. This represents the principal non-cash transactions for the years ended 31 March 2018 and 2019 were the dividend distributed.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Daikiya Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 25 February 2019 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 PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged as a Hong Kong based Japanese cuisine restaurant group (the "Listing Business"). During the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, the Listing Business was carried out through the subsidiaries of the Company.

The ultimate controlling party of the Group (the "Controlling Shareholder") is Mr. Lam On Yin ("Mr. Lam"), who is also an Executive Director of the Company.

1.2 Reorganisation

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent a group reorganisation (the "Reorganisation") which principally involved the following steps:

(1) On 2 January 2018 and 3 January 2018, Splendid Fresh Limited ("Splendid Fresh") and Ripple Power Limited ("Ripple Power") were incorporated in the British Virgin Islands (the "BVI"), respectively. On 14 March 2018, the entire issued share capital of Splendid Fresh was allotted and issued to Ripple Power.

(2) On 3 January 2018, 15,320 shares of Ripple Power, represented the entire issued share capital, were allotted and issued to Mr. Lam, Wealth Energy International Holdings Limited ("Wealth Energy") and the other shareholders ("Other Shareholders of Ripple Power") in proportion to the effective interest as to 39%, 39% and 22% respectively held by each of the shareholders in the Group, credited as fully paid. Wealth Energy is an investment holding company wholly owned by Mr. Ho Kong Kuen ("Mr. KK Ho"), a co-founder of the Group.

(3) On 15 March 2018, Splendid Fresh entered into sale and purchase agreements with the shareholders of the operating companies ("Operating Companies") *(Note(g)* and management companies ("Management Companies") *(Note (h)* incorporated on or before 15 March 2018, pursuant to which Splendid Fresh acquired the respective interests held by the shareholders of the Operating Companies and Management Companies, being the entire issued share capital of the Operating Companies and Management Companies, respectively, at an aggregate consideration of Splendid Fresh allotting and issuing 16 shares in Splendid Fresh to Ripple Power, credited as fully paid. Since then, the Operating Companies and Management Companies are the direct wholly owned subsidiaries of Splendid Fresh.

(4) On 28 March 2018, Wealth Energy entered into sale and purchase agreements with Mr. Lam and Mr. He Wenquan ("Mr. He"), pursuant to which Mr. Lam and Mr. He acquired 5,362 issued shares and 617 issued shares out of 15,320 total issued shares of Ripple Power held by Wealth Energy, respectively, at an aggregate cash consideration of HK$36,800,000. Since then, Wealth Energy has disposed all its equity interest in Ripple Power.

(5) On 23 October 2018, Satisfied Bliss Limited ("Satisfied Bliss") was incorporated in the BVI and one share of Satisfied Bliss was allotted and issued to Mr. Lam. On 25 February 2019, the Company was incorporated in the Cayman Islands. On the date of its incorporation, one share was transferred to Satisfied Bliss.

(6) On 20 December 2019, the Company entered into a sale and purchase agreement with Mr. Lam, Mr. He and the Other Shareholders of Ripple Power, pursuant to which the Company acquired the entire equity interests in Ripple Power from Mr. Lam, Mr. He and Other Shareholder of Ripple Power, at a consideration of allotting and issuing 9,999 shares of the Company to Satisfied Bliss, Mr. He and the Other Shareholders of Ripple Power in proportion to the effective interest held by each of Satisfied Bliss, Mr. He and the Other Shareholders of Ripple Power, credited as fully paid.

Upon the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group.

Upon completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation	Issued and paid-up capital	Effective interest held as at					Principal activities	Notes
			2017	31 March 2018	2019	31 July 2019	The date of this report		
Directly held									
Ripple Power Limited ("Ripple Power")	The British Virgin Islands, 3 January 2018	US$15,320	N/A	100%	100%	100%	100%	Investment holding	(a)
Indirectly held									
Splendid Fresh Limited ("Splendid Fresh")	The British Virgin Islands, 2 January 2018	US$21	N/A	100%	100%	100%	100%	Investment holding	(a)
Legend Success International Inc. Limited	Hong Kong, 15 October 2010	HK$110,000	98%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Admiralty Develop Limited	Hong Kong, 18 April 2012	HK$106,000	97%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Smooth International Development Limited	Hong Kong, 23 August 2012	HK$118,000	96%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Sure Gain Hong Kong Group Limited	Hong Kong, 5 March 2013	HK$62,000	97%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong (ceased operation in March 2019)	(b), (c), (f), (g)
Boss International Development Limited	Hong Kong, 10 June 2013	HK$2	100%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Global Prosperity International Develop Limited	Hong Kong, 9 September 2013	HK$2	100%	100%	100%	100%	100%	Provision of processing, sales and distribution of food products in Hong Kong	(b), (c), (f), (h)

Name of subsidiaries	Place and date of incorporation	Issued and paid-up capital	Effective interest held as at					Principal activities	Notes
			31 March			31 July	The date of this		
			2017	2018	2019	2019	report		
Riches International Develop Limited	Hong Kong, 28 March 2014	HK$113,000	98%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Enrich International Develop Limited	Hong Kong, 28 March 2014	HK$125,000	94%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Rich Square International (HK) Limited	Hong Kong, 6 August 2014	HK$132,000	98%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Amazing Profit International Limited	Hong Kong, 23 January 2015	HK$187,000	97%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Fertility International Development Limited	Hong Kong, 16 March 2015	HK$130,000	95%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Ample International Develop Limited	Hong Kong, 10 August 2015	HK$123,000	93%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Bright Chief International Limited	Hong Kong, 29 April 2016	HK$2	100%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Rich Tech Hong Kong Development Limited	Hong Kong, 5 July 2016	HK$2	100%	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(b), (c), (f), (g)
Galaxy United Limited	Hong Kong, 29 August 2017	HK$76,000	N/A	100%	100%	100%	100%	Provision of food catering services through a restaurant in Hong Kong	(c), (d), (f), (g)
Skyway United Limited	Hong Kong, 29 August 2017	HK$1	N/A	100%	100%	100%	100%	Provision of management services in Hong Kong	(c), (d), (f), (h)
Sun Rich United Limited	Hong Kong, 29 August 2017	HK$1,000	N/A	100%	100%	90%	90%	Provision of food catering services through a restaurant in Hong Kong starting in late 2019	(d), (f), (j)
Sky Pro United Limited	Hong Kong, 29 August 2017	HK$1,500	N/A	100%	100%	97%	97%	Provision of food catering services through a restaurant in Hong Kong starting from June 2019	(d), (f), (i)
Rich Ahead Development Limited	Hong Kong, 23 March 2018	HK$1	N/A	100%	100%	100%	100%	Management operation	(d), (e), (f), (h)
First Point Development Limited	Hong Kong, 29 March 2018	HK$1	N/A	100%	100%	100%	100%	Inactive	(d), (e), (f)

Note:

(a) No audited financial statements were issued for these companies now comprising the Group as it is not required to issue audited financial statements under the statutory requirements of their place of incorporation.

(b) The statutory financial statements of these companies now comprising the Group for the year ended 31 March 2017 were audited by KLC Kennic Lui & Co. Ltd. Certified Public Accountants (Practising) in Hong Kong.

(c) The statutory financial statements of these companies now comprising the Group for the year ended 31 March 2018 were audited by FUSON Certified Public Accountants in Hong Kong.

(d) No audited financial statements for these companies now comprising the Group were available for the year ended 31 March 2017 as they were newly incorporated after 31 March 2017.

(e) The audited financial statements for these companies now comprising the Group for the year ended 31 March 2018 were yet to be issued as of the date of this report.

(f) The audited financial statements for these companies now comprising the Group for the year ended 31 March 2019 were yet to be issued as of the date of this report.

(g) These companies are referred as the "Operating Companies".

(h) These companies are referred as the "Management Companies".

(i) On 4 June 2019, Sky Pro United Limited, a subsidiary of the Group issued 50 shares to an independent third party with a consideration of HK$500,000, and nil was recognised as gain/loss on disposal in the consolidated statements of changes in equity.

(j) On 12 July 2019, Sun Rich United Limited, a subsidiary of the Group issued 100 shares to an independent third party with a consideration of HK$1,000,000, and nil was recognised as gain/loss on disposal in the consolidated statements of changes in equity.

1.3 Basis of presentation

Mr. Lam and Mr. KK Ho are the co-founders of the Group. Mr. KK Ho had acted in accordance with the instruction of Mr. Lam in respect of relevant activities, including major operating and finance activities on the companies now comprising the Group since their incorporation until Mr. KK Ho's departure from the Group. A letter dated 28 March 2018 was entered into between Mr. KK Ho and Mr. Lam to confirm this arrangement in respect of the Group. Therefore, Mr. Lam is regarded as the Controlling Shareholder throughout the Track Record Period.

Immediately prior to and after the Reorganisation, the Controlling Shareholder of the Listing Business directed the economic activities of the Listing Business as a single business through the Operating Companies. Pursuant to the Reorganisation, the companies now comprising the Group, which operate the Listing Business, are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a recapitalisation of the Listing Business with no change in management of such business and the Controlling Shareholder of the Listing Business remain the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business and for purpose of this report, the Historical Financial Information has been prepared and presented using the carrying amount of the Listing Business for all periods presented.

Intercompany transactions, balances and unrealised gains/losses on transactions between subsidiaries now comprising the Group are eliminated upon combination.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. The Historical Financial Information has been prepared under the historical cost convention.

As at 31 March 2017, 2018 and 2019 and 31 July 2019, the Group recorded net current liabilities of HK$1,928,000, HK$107,752,000, HK$24,441,000 and HK$69,724,000 respectively. Please refer to Note 3.1(c) for details of the liquidity risk management of the Group.

The preparation of the Historical 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 Historical Financial Information are disclosed in Note 4.

HKFRS 9, "Financial Instruments" and HKFRS 15, "Revenue from Contracts with Customers" are mandatorily effective for the financial year beginning on or after 1 January 2018. HKFRS 16, "Leases" is mandatorily effective for the financial year beginning on or after 1 January 2019. In preparation of the Historical Financial Information, they have been applied consistently throughout the Track Record Period. All other new standards, amendments to standards and interpretations which are mandatary for the financial year beginning 1 April 2019, are also consistently applied to the Group throughout the Track Record Period.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing this Historical Financial Information. None of these is expected to have a significant effect on the Historical Financial Information of the Group.

		Effective for annual periods beginning on or after
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
Amendment to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Amendment to HKFRS 3	Definition of a business	1 January 2020
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	to be determined
HKFRS 17	Insurance contract	1 January 2021

The Group has already commenced an assessment of the impact of these new and amended standards, and interpretations to existing HKFRS. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.2 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed when necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the combined statements of comprehensive income, combined statements of changes in equity and combined statements of financial position respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in combined statements of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,

- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the combined financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

2.6 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.

2.7 Property, plant and equipment

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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased restaurant and kitchen equipment, the shorter lease term as follows:

• Buildings	25 years
• Leasehold improvements	Shorter of lease term or 6 years
• Restaurant and kitchen equipment	Shorter of lease term or 4 years
• Office equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.8 Impairment of non-financial assets

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

(a) Classification

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are classified in the following measurement categories:

— those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

— those to be measured at amortised cost.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

During the Track Record Period, the Group classifies its financial assets as those to be measured at amortised cost.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as those to be measured at amortised cost together with foreign exchange gains and losses.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss, if any.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment on other financial assets carried at amortised cost is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a financial assets carried at amortised cost has occurred since initial recognition, then impairment is measured as lifetime ECL.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the combined statements of financial position where the Group currently has 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 Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.11 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. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.12 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. The Group's trade receivables, mainly represents the receivables from credit card institutions arising from provision of catering services. If collection of account and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.13 Cash and cash equivalents

In the combined statements of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of 3 months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 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.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the combined statements of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.17 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 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

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, 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 nor 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 tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.18 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision, where appropriate, 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.

(b) Long service payments

The Group's net obligation in respect of long service payments to its employees in Hong Kong upon cessation of their employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

(c) Post employment pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Pension Scheme") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the combined statements of comprehensive income as they become payable in accordance with the rules of the Pension Scheme. The assets of the Pension Scheme are held separately from those of the Group in an independently administrated fund. The Group's employer contributions vest fully with the employees when contributed to the Pension Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to vesting fully in the contributions, in accordance with the rules of the Pension Scheme.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(d) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.19 Share-based payments

The Group operates a number of equity-settled share-based compensation, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair values of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair values of the options granted:

- including any market performance conditions (for example, an entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

Non-market vesting conditions are included in assumptions about the number of award shares and share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of share options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

2.20 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.

2.21 Revenue recognition

Revenue is recognised when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

Revenue is recognised when a performance obligation is satisfied by transferring control of the promised products or services to a customer in an amount that reflects the consideration expected to be collected in exchange for those products or services.

At contract inception, it is performed that the assessment and the identification of a performance obligation for each promise to transfer to the customer a product or a service (or bundle of products or services) that is distinct. To identify the performance obligations, the Group consider all the products and services promised in the contract with the customer based on the Group's customary business practices, published policies, or specific statements.

The Group determines whether control of a product or a service is transferred to a customer over time or at a point in time based on the analysis of the following three criteria. Revenue is recognised over time if any of such criteria are met that the Group:

- provide all of the benefits received and consumed simultaneously by the customer; or

- create and enhance an asset that the customer controls as the Group perform; or

- do not create an asset with an alternative use of the Group and the Group has an enforceable right to payment for performance completed to date.

A performance obligation is satisfied at a point in time if none of the above criteria for satisfying a performance obligation over time are met.

The Group recognises incremental costs incurred in obtaining contracts with customers as contract costs if those costs are expected to be recoverable. The contract costs are amortised on a basis consistent with the pattern of the transfer of the goods or services to which the asset relates.

(a) Restaurant operations

The Group operates chains of restaurants and provides catering services. The provision of catering services for which the services are rendered over time, revenue is recognised when the related services have been rendered to customers, as a single performance obligation. Payment is made to the Group upon completion of catering service.

(b) Sale of food ingredients and food material scraps

Revenue from the sales of food ingredients and food material scraps for which the control of goods is transferred at a point in time, is recognised when the goods are delivered and titles have passed, as a single performance obligation. Sales are made with payment credit terms of 7 to 30 days.

2.22 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments,
- variable lease payment that are based on a rate, and
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- prepayment and initial direct costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise certain restaurant equipment.

2.23 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

2.24 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed 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 (including currency risk, fair value interest rate risk, cash flow interest rate risk and price 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) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

The majority of the Group's transactions were denominated in its functional currency. There are no significant financial assets and financial liabilities denominated in currencies other than the functional currency for the Track Record Period. The Group is therefore not exposed to significant foreign exchange risk.

(ii) Price risk

The Group is not exposed to equity securities price risk and commodity price risk as the Group does not hold such investments.

(iii) Cash flow interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk primarily arises from borrowings.

At 31 March 2018 and 2019 and 31 July 2019, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the years would have been approximately HK$36,000, HK$35,000 and HK$34,000 lower/higher respectively, due to interest expenses incurred on market interest rate. There was no borrowing as at 31 March 2017.

(b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost.

The carrying amounts of cash and cash equivalents and contractual cash flows of debt instruments carried at amortised cost represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Risk management

To manage the risk, deposits are mainly placed with reputable banks. For trade and other receivables, management make periodic collective assessments as well as individual assessment on the recoverability of the receivables based on the historical settlement records and past experience. Trade receivables mainly represent receivables from credit card institutions in relation to the payment settled by credit cards by the customers of which the settlement is normally within a few days from the transaction date. For the remaining customers in relation to the sales of food ingredients, the Group has policies in place to ensure that sales are made to creditworthy customers with an appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

As at 31 March 2017, 2018 and 2019 and 31 July 2019, management consider deposits and other receivables, amounts due from related parties and amounts due from shareholders as low credit risk as counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

(ii) Impairment of financial assets

Receivables from restaurants operations and sales of food ingredients are subject to the expected credit loss model.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial, as substantially all of the Group's bank deposit were deposited with major financial institutions incorporated in Hong Kong, which management believes are of high-credit-quality without significant credit risk.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

For the trade receivables, the counterparties are primarily credit card institutions which are large corporation with high credit rating and have strong financial position. The Group maintains frequent communications with these counterparties and there is no history of default. Management considers the credit risk is immaterial with the ECL rate being close to zero, and accordingly, no loss allowance was recognised during the Track Record Period.

Other financial assets at amortised costs

For other financial assets carried at amortised cost, including deposits and other receivables, non-trade amounts due from related parties, amounts due from shareholders in the combined statements of financial position, the ECL is based on the 12-month ECL. It is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date.

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the ECL is immaterial as at 31 March 2017, 2018 and 2019 and 31 July 2019.

As at 31 March 2017, 2018 and 2019 and 31 July 2019, management consider deposits and other receivables, amounts due from related parties and amounts due from shareholders as low credit risk as counterparties have a strong capacity to meet its contractual cash flow obligations in the near term. The Group has assessed that the ECL rate for these receivables is close to zero under 12 months expected losses method. Thus, the loss allowance provision recognised during the Track Record Period for these balances is not material.

(c) Liquidity risk

With prudent liquidity risk management, the Group aims to maintain sufficient cash and cash equivalents by internally generated funds and ensure the availability of funding through an adequate amount of available financing, including short-term bank borrowing. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

Management monitors forecasts of the Group's liquidity on the basis of expected cash flows. The Group's liquidity management policy involves projecting cash flows from operations, working capital requirements, future capital expenditures and financing plans, while monitoring its liquidity ratios against internal and external requirements. The Group may also adjust timing of paying dividends to shareholders and opening new restaurants in the future for managing liquidity risk.

As at 31 March 2017, 2018 and 2019 and 31 July 2019, the Group maintained cash and cash equivalents of HK$75,736,000, HK$66,141,000, HK$82,133,000 and HK$71,476,000 respectively. As at 31 March 2017, 2018 and 2019 and 31 July 2019, the Group recorded net current liabilities of HK$1,928,000, HK$107,752,000, HK$24,441,000 and HK$69,724,000 respectively. Excluding the current portion of lease liabilities, which represents the net present value of its future rental that is only liable to be paid month by month in the coming one year from the balance sheet date, and dividend payable which the Group may adjust the timing of payment, the Group had net current assets of HK$52,805,000, HK$20,050,000, HK$45,460,000 and HK$32,965,000 as at 31 March 2017, 2018 and 2019 and 31 July 2019 respectively. In addition, the Group generated net cash flows from operating activities of HK$125,095,000, HK$160,905,000, HK$163,499,000 and HK$45,447,000 for the years ended 31 March 2017, 2018 and 2019 and 31 July 2019 respectively. Further, the Group confirmed that the remaining dividend payable as at 31 July 2019 of HK$30,708,000 would be paid only upon the successful listing of the Group on the Main Board of the Stock Exchange of Hong Kong. Taking into account the Group's financial resources and its internally generated cash, the directors of the Company believes that the Group has sufficient capital to meet its liquidity needs.

As at 31 March 2018 and 2019 and 31 July 2019, the Group's total available banking facilities amounted to HK$6,334,000, HK$4,151,000 and HK$4,089,000, of which HK$4,334,000, HK$4,151,000 and HK$4,089,000 has been utilised. There were no banking facilities available to the Group as at 31 March 2017.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Specifically, for bank borrowings which contain a repayable on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lender were to invoke their unconditional rights to call the loans with immediate effect.

	As at 31 March 2017					
	Repayable on demand	**Less than one year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2017						
Trade payables	—	15,476	—	—	—	15,476
Other payables	—	885	—	—	—	885
Lease liabilities	—	59,082	51,054	46,890	—	157,026
Amounts due to related parties	10,003	—	—	—	—	10,003
	10,003	75,443	51,054	46,890	—	183,390

	As at 31 March 2018					
	Repayable on demand	**Less than one year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2018						
Borrowings	4,334	—	—	—	—	4,334
Trade payables	—	23,270	—	—	—	23,270
Other payables	—	7,871	—	—	—	7,871
Dividend payable	—	63,130	—	—	—	63,130
Lease liabilities	—	69,076	43,098	53,910	1,452	167,536
Amounts due to related parties	5,722	—	—	—	—	5,722
	10,056	163,347	43,098	53,910	1,452	271,863

	As at 31 March 2019					
	Repayable on demand	**Less than one year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2019						
Borrowings	4,151	—	—	—	—	4,151
Trade payables	—	23,300	—	—	—	23,300
Other payables	—	7,246	—	—	—	7,246
Dividend payable	—	708	—	—	—	708
Lease liabilities	—	73,965	57,590	46,967	—	178,522
Amounts due to related parties	4,084	—	—	—	—	4,084
	8,235	105,219	57,590	46,967	—	218,011

	As at 31 July 2019					
	Repayable on demand	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 July 2019						
Borrowings	4,089	—	—	—	—	4,089
Trade payables	—	25,485	—	—	—	25,485
Other payables	—	5,506	—	—	—	5,506
Dividend payable	—	30,708	—	—	—	30,708
Lease liabilities	—	77,563	89,336	41,366	—	208,265
Amounts due to related parties	688	—	—	—	—	688
	4,777	139,262	89,336	41,366	—	274,741

The amounts due to related parties as at 31 March 2017, 2018 and 2019 and 31 July 2019 are repayable on demand without any maturity dates.

The table below analyses the bank borrowings of the Group into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date without taking into consideration the effect of repayable on demand clause.

	As at 31 March 2018				
	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2018					
Borrowings:					
— Principal portion	183	193	605	3,353	4,334
— Interest portion	93	85	229	512	919
	276	278	834	3,865	5,253

	As at 31 March 2019				
	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2019					
Borrowings:					
— Principal portion	193	198	618	3,142	4,151
— Interest portion	85	80	216	446	827
	278	278	834	3,588	4,978

	As at 31 July 2019				
	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 July 2019					
Borrowings:					
— Principal portion	196	199	622	3,072	4,089
— Interest portion	82	79	212	422	795
	278	278	834	3,494	4,884

There was no borrowing as at 31 March 2017.

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 borrowings over capital. Capital represents total debts and total equity as shown on the combined statements of financial position.

The gearing ratio as at 31 March 2017, 2018 and 2019 and 31 July 2019 were as follows:

	As at 31 March 2018	As at 31 March 2019	As at 31 July 2019
	HK$'000	*HK$'000*	*HK$'000*
Borrowings	4,334	4,151	4,089
Total debts	4,334	4,151	4,089
Total equity	13,299	105,507	59,689
Total capital	17,633	109,658	63,778
Gearing ratio	25%	4%	6%

The Group had no borrowings as at 31 March 2017.

3.3 Fair value estimation

The carrying values of the Group's financial assets 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 2017, 2018 and 2019 and 31 July 2019.

3.5 Financial instruments by category

The Group holds the following financial instruments:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets carried at amortised costs				
Deposits and other receivables	20,485	35,612	40,305	38,944
Amounts due from related parties	11,122	10,082	13,942	7,061
Amounts due from shareholders	16,709	—	—	—
Trade receivables	1,566	6,553	5,871	890
	49,882	52,247	60,118	46,895

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities				
Borrowings	—	4,334	4,151	4,089
Trade payables	15,476	23,270	23,300	25,485
Other payables	885	7,871	7,246	5,506
Dividend payable	—	63,130	708	30,708
Lease Liabilities	148,647	158,313	170,013	196,370
Amounts due to related parties	10,003	5,722	4,084	688
	175,011	262,640	209,502	262,846

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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.

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) 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. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

(b) Critical judgement in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Potential future cash outflows of HK$55,650,000, HK$55,650,000, nil and nil have not been included in the lease liability as at 31 March 2017, 2018, 2019 and 31 July 2019 respectively because it is not reasonably certain that the leases will be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the year ended 31 March 2017, 2018 and 2019 and the period end 31 July 2019, there are no revision of lease terms generating financial effect in recognised lease liabilities and right-of-use assets.

5 REVENUE AND SEGMENT INFORMATION

(a) Revenue

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation of restaurants in Hong Kong, net of discount. An analysis of revenue is as follows:

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Timing of revenue recognition					
Over time					
Restaurant operations					
— All-you-can-eat restaurants	555,160	696,516	811,732	280,222	254,091
— A-la-carte restaurant	—	16,668	27,289	8,631	9,332
	555,160	713,184	839,021	288,853	263,423

There is no unsatisfied contract as at 31 March 2017, 2018 and 2019 and 31 July 2019.

(b) Segment information

The chief operating decision-maker has been identified as the Directors of the Group. The Directors consider the segment from a business perspective. As the Group has only one reporting segment under HKFRS 8 and the information that is regularly reviewed by the Directors for the purposes of allocating resources and assessing performance of the operating segment is the combined financial statements of the Group, no separate segmental analysis is presented.

Revenue reported in Note 5(a) above represented transactions with third parties and are reported to the Directors in a manner consistent with that in the combined statements of comprehensive income. All of the Group's activities are carried out in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis for the Track Record Period is presented.

The Group is domiciled in Hong Kong. All revenue are derived from external customers in Hong Kong for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019 respectively.

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the Directors, as the performance and position of the Group is assessed based on the combined statements of financial position.

No significant customer contributed over 10% of the Group's total revenue for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019.

6 OTHER INCOME

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Sale of food ingredients	81	412	123	66	16
Sale of food material scrap	1,013	1,027	1,178	342	397
Sundry income	2	249	408	214	260
	1,096	1,688	1,709	622	673

7 FINANCE COST, NET

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Imputed interest income					
— Rental deposits	561	772	886	289	331
	561	772	886	289	331
Interest expenses					
— Bank borrowings	—	(64)	(93)	(31)	(31)
— Lease liabilities	(5,562)	(6,081)	(5,507)	(1,777)	(2,461)
	(5,562)	(6,145)	(5,600)	(1,808)	(2,492)
Finance cost, net	(5,001)	(5,373)	(4,714)	(1,519)	(2,161)

8 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging the following:

		Year ended 31 March		Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Employee benefit expenses (including directors' emoluments *(Note 9)*):					
— Wages and salaries	96,129	123,397	126,320	40,858	46,537
— Discretionary bonuses	4,345	4,544	6,201	2,487	1,720
— Retirement benefit scheme contributions	4,476	5,843	5,749	1,874	2,462
— Other staff benefits	307	1,725	1,801	130	960
	105,257	135,509	140,071	45,349	51,679
Credit payment commission	6,277	8,501	10,562	3,671	3,391
Cleaning and laundry	7,765	9,394	8,337	2,743	2,564
Expenses under short-term lease, low value lease and variable lease payments *(Note 14)*	2,726	4,873	6,785	2,488	2,564
Auditors' remuneration					
— Audit services	326	483	465	155	158
— Non-audit services	65	60	—	—	—
Loss on disposal of property, plant and equipment	—	—	353	61	34
Restaurant supplies and consumables	6,228	6,542	6,674	2,325	2,815
Repairs & Maintenance	2,065	2,384	2,334	796	969

9 KEY MANAGEMENT COMPENSATION

(a) Directors' emoluments

The remuneration of every director paid or payable by the companies new comprising the Group for each of the years ended 31 March 2017, 2018 and 2019 and four months ended 31 July 2018 and 2019 were as follows:

	Fees	Salaries	Discretionary bonuses	Retirement benefit scheme contributions	Share-based payment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2017						
Executive directors						
Lam On Yin *(Note v)*	—	3,360	—	18	—	3,378
Lo Tang Fei *(Note v)*	—	247	97	10	10	364
Independent non-executive directors						
Yu Hin Yin *(Note vi)*	—	—	—	—	—	—
Ng Chi Keung *(Note vi)*	—	—	—	—	—	—
Chan Oi Fat *(Note vi)*	—	—	—	—	—	—
	—	3,607	97	28	10	3,742
Year ended 31 March 2018						
Executive directors						
Lam On Yin *(Note v)*	—	8,250	—	18	—	8,268
Lo Tang Fei *(Note v)*	—	324	59	14	1,156	1,553
Independent non-executive directors						
Yu Hin Yin *(Note vi)*	—	—	—	—	—	—
Ng Chi Keung *(Note vi)*	—	—	—	—	—	—
Chan Oi Fat *(Note vi)*	—	—	—	—	—	—
	—	8,574	59	32	1,156	9,821
Year ended 31 March 2019						
Executive directors						
Lam On Yin *(Note v)*	—	8,400	—	18	—	8,418
Lo Tang Fei *(Note v)*	—	276	135	18	—	429
Independent non-executive directors						
Yu Hin Yin *(Note vi)*	—	—	—	—	—	—
Ng Chi Keung *(Note vi)*	—	—	—	—	—	—
Chan Oi Fat *(Note vi)*	—	—	—	—	—	—
	—	8,676	135	36	—	8,847

	Fees	Salaries	Discretionary bonuses	Retirement benefit scheme contributions	Share-based payment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Four months ended 31 July 2019						
Executive directors						
Lam on Yin *(Note v)*	—	2,806	—	6	—	2,812
Lo Tang Fei *(Note v)*	—	96	51	6	—	153
Independent non-executive directors						
Yu Hin Yin *(Note vi)*	—	—	—	—	—	—
Ng Chi Keung *(Note vi)*	—	—	—	—	—	—
Chan Oi Fat *(Note vi)*	—	—	—	—	—	—
	—	2,902	51	12	—	2,965
(Unaudited)						
Four months ended 31 July 2018						
Executive directors						
Lam on Yin *(Note v)*	—	2,800	—	6	—	2,806
Lo Tang Fei *(Note v)*	—	84	57	6	—	147
Independent non-executive directors						
Yu Hin Yin *(Note vi)*	—	—	—	—	—	—
Ng Chi Keung *(Note vi)*	—	—	—	—	—	—
Chan Oi Fat *(Note vi)*	—	—	—	—	—	—
	—	2,884	57	12	—	2,953

(i) The remuneration shown above represents remuneration received and receivable from the Group by these directors in their capacity as employees to the Operating Companies and no directors waived or agreed to waive any emolument during each of the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019.

(ii) During each of the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019, 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.

(iii) During each of the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019, other than those disclosed in Note 18, 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 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019.

(iv) During each of the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019, other than those disclosed in Note 18, there were no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors.

(v) Mr. Lam On Yin and Mr. Lo Tang Fei, were appointed as the Company's directors on 25 February 2019. The directors' emoluments are presented as if the directors had been appointed throughout the Track Record Period.

(vi) Mr. Yu Hin Yin, Mr. Ng Chi Keung and Mr. Chan Oi Fat were proposed to be appointed as the Company's independent non-executive directors upon Listing of the Company. During Track Record Period, the independent non-executive directors have not yet been appointed and received nil director's remuneration in the capacity of independent non-executive directors.

(b) Five highest paid individuals

1, 1, 1, 1 and 1 of the highest paid individuals were directors of the Company for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019, respectively.

Details of the remuneration of the remaining 4, 4, 4, 4 and 4 highest paid individuals for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019, respectively, who are not directors of the Company, are analysed below:

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Salaries, allowances and retirement benefit scheme contribution	5,742	2,432	4,220	1,401	1,392
Share-based payment expenses	78	22,042	—	—	—
	5,820	24,474	4,220	1,401	1,392

The emoluments of the remaining individuals fell within the following bands:

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
				(Unaudited)	
Nil to HK$1,000,000	3	—	2	4	4
HK$1,000,001 to HK$1,500,000	—	—	2	—	—
HK$2,000,001 to HK$2,500,000	—	1	—	—	—
HK$2,500,001 to HK$3,000,000	—	1	—	—	—
HK$3,500,001 to HK$4,000,000	1	—	—	—	—
HK$8,500,001 to HK$9,000,000	—	1	—	—	—
HK$11,000,001 to HK$11,500,000	—	1	—	—	—
	4	4	4	4	4

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 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019.

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Hong Kong profits tax					
— Current income tax	11,649	15,447	21,415	8,026	4,417
— Deferred income tax *(Note 23)*	(800)	(1,440)	(1,242)	(510)	(735)
	10,849	14,007	20,173	7,516	3,682

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit before taxation	57,919	51,268	112,381	45,011	16,364
Tax at the statutory tax rates of 16.5%	9,557	8,459	18,543	7,427	2,700
Tax effects of:					
Income not subject to taxation	(93)	(129)	(146)	(48)	(57)
Expenses not deductible for tax purpose	1,605	6,085	2,096	457	978
Tax loss for which no deferred income tax assets were recognised	—	—	—	—	61
Tax deduction	(220)	(408)	(320)	(320)	—
Income tax expense	10,849	14,007	20,173	7,516	3,682

For each of the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019, the weighted average effective tax rate was 18.7%, 27.3%, 18.0% and 16.7% and 22.5% respectively. The difference in weighted average effective tax rate for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019 was mainly due to the non-deductible share-based payment expenses of HK$4,942,000, HK$35,893,000 for the year ended 31 March 2017 and 2018 respectively and non-deductible listing expenses of HK$450,000, HK$6,506,000, HK$538,000 and HK$5,562,000 for the year ended 31 March 2018 and 2019 and the four months ended 31 July 2018 and 2019 respectively.

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 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019 represented dividends declared and paid or payable by Ripple Power to the 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			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Dividends	—	159,000	—	—	60,000

On 28 March 2018 and 31 May 2019, the Group declared dividends of HK$159,000,000 and HK$60,000,000 respectively.

12 EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results of the Track Record Period on a combined basis as set out in Note 1.3 of this section.

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Restaurant and kitchen equipment HK$'000	Office equipment HK$'000	Total HK$'000
At 1 April 2016					
Cost	—	27,990	17,630	787	46,407
Accumulated depreciation	—	(7,058)	(7,306)	(343)	(14,707)
Net carrying amount	—	20,932	10,324	444	31,700
Year ended 31 March 2017					
Opening net carrying amount	—	20,932	10,324	444	31,700
Additions	—	14,424	6,717	6	21,147
Depreciation	—	(7,129)	(5,271)	(166)	(12,566)
Closing net carrying amount	—	28,227	11,770	284	40,281
At 31 March 2017					
Cost	—	42,414	24,347	793	67,554
Accumulated depreciation	—	(14,187)	(12,577)	(509)	(27,273)
Net carrying amount	—	28,227	11,770	284	40,281
Year ended 31 March 2018					
Opening net carrying amount	—	28,227	11,770	284	40,281
Additions	1,591	16,841	5,644	1,455	25,531
Depreciation	(53)	(11,121)	(6,435)	(353)	(17,962)
Closing net carrying amount	1,538	33,947	10,979	1,386	47,850
At 31 March 2018					
Cost	1,591	59,255	29,991	2,248	93,085
Accumulated depreciation	(53)	(25,308)	(19,012)	(862)	(45,235)
Net carrying amount	1,538	33,947	10,979	1,386	47,850
Year ended 31 March 2019					
Opening net carrying amount	1,538	33,947	10,979	1,386	47,850
Additions	—	252	410	720	1,382
Disposals	—	(90)	(213)	(50)	(353)
Depreciation	(64)	(12,161)	(5,372)	(479)	(18,076)
Closing net carrying amount	1,474	21,948	5,804	1,577	30,803
At 31 March 2019					
Cost	1,591	56,957	28,801	2,828	90,177
Accumulated depreciation	(117)	(35,009)	(22,997)	(1,251)	(59,374)
Net carrying amount	1,474	21,948	5,804	1,577	30,803

	Buildings	Leasehold improvements	Restaurant and kitchen equipment	Office equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Four months ended 31 July 2019					
Opening net carrying amount	1,474	21,948	5,804	1,577	30,803
Additions	—	7,372	1,155	358	8,885
Disposals	—	—	(2)	(33)	(35)
Depreciation	(21)	(3,813)	(1,474)	(170)	(5,478)
Closing net carrying amount	1,453	25,507	5,483	1,732	34,175
At 31 July 2019					
Cost	1,591	64,329	29,952	3,127	98,999
Accumulated depreciation	(138)	(38,822)	(24,469)	(1,395)	(64,824)
Net carrying amount	1,453	25,507	5,483	1,732	34,175
(Unaudited)					
Four months ended 31 July 2018					
Opening net currying amount	1,538	33,947	10,979	1,386	47,850
Additions	—	89	104	353	546
Disposals	—	—	(61)	—	(61)
Depreciation	(21)	(4,195)	(2,007)	(156)	(6,379)
Closing net carrying amount	1,517	29,841	9,015	1,583	41,956
As at 31 July 2018					
Cost	1,591	59,344	30,019	2,601	93,555
Accumulated depreciation	(74)	(29,503)	(21,004)	(1,018)	(51,599)
Net carrying amount	1,517	29,841	9,015	1,583	41,956

As at 31 March 2018 and 2019 and 31 July 2019, the Group's buildings amounting to HK$1,538,000, HK$1,474,000 and HK$1,453,000, respectively, were pledged as collateral for the Group's bank borrowings, details of which are set out in Note 22. There was no borrowing as at 31 March 2017.

14 LEASES

(i) Amounts recognised in the combined statements of financial position

The combined statements of financial position show the following amounts relating to leases:

	As at 31 March			As at 31 July
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Right-of-use assets				
Land	—	10,327	10,206	10,165
Properties	138,553	146,585	161,628	186,150
Motor vehicles	716	524	334	270
	139,269	157,436	172,168	196,585

	As at 31 March			As at 31 July
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Lease liabilities				
Current	54,733	64,672	69,193	71,981
Non-current	93,914	93,641	100,820	124,389
	148,647	158,313	170,013	196,370

	As at 31 March			As at 31 July
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Lease liabilities				
Motor vehicles	624	413	193	117
Properties	148,023	157,900	169,820	196,253
	148,647	158,313	170,013	196,370

Addition to the right-of-use assets during the year ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019 are HK$33,502,000, HK$83,083,000, HK$86,614,000, HK$14,632,000 and HK$51,235,000 respectively.

As at 31 March 2018 and 2019 and 31 July 2019, the Group's right-of-use assets on land amounting to HK$10,327,000, HK$10,206,000 and HK$10,165,000, respectively, were pledged as collateral for the Group's bank borrowings, details of which are set out in Note 22. There was no borrowing as at 31 March 2017.

(ii) Amounts recognised in the combined statements of comprehensive income

The combined statements of comprehensive income show the following amounts related to leases:

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Depreciation charge of right-of-use assets					
Land	—	101	121	40	40
Properties	49,833	64,624	71,570	23,659	26,714
Motor vehicles	191	191	191	64	64
	50,024	64,916	71,882	23,763	26,818
Interest expense (included in finance cost *(Note 7)*)	5,562	6,081	5,507	1,777	2,461
Expense relating to leases of short-term leases	230	312	184	61	64
Expense relating to variable lease payments not included in lease liabilities	2,496	4,561	6,601	2,427	2,500

The total cash outflow for leases in the year ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019 are HK$56,077,000, HK$72,828,000, HK$85,517,000, HK$27,616,000 and HK$29,822,000 respectively.

(iii) The Group's leasing activities

The Group leases various properties and motor vehicles. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

(iv) Variable lease payments

Estimation uncertainty arising from variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from the restaurants. For individual restaurants for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019, up to 0%, 1%, 4%, 4% and 4% of lease payments respectively are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the periods in which the condition that triggers those payments occurs.

A 5% increase in sales across all stores in the Group with such variable lease contracts for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019 would increase total lease payments by approximately 0%, 2% to 5%, 4% to 11%, 4% to 11% and 3% to 10% respectively.

(v) Extension options

Extension options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

15 INVENTORIES

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Food and consumables for restaurant operations	2,044	3,617	3,183	3,719

16 TRADE RECEIVABLES

Trade receivables mainly represent receivables from credit card institutions in relation to the payment settled by credit cards by customers of which the settlement period is normally within 3 days from transaction date. Generally, there is no credit period granted to customers.

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Credit card receivables	1,566	6,553	5,871	890

An ageing analysis of the trade receivables as at 31 March 2017, 2018 and 2019 and 31 July 2019, based on the invoice date, is as follows:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
1 to 30 days	1,566	6,553	5,871	890

The Group's trade receivables are mainly denominated in HK$. The carrying value of trade receivables approximate their fair values due to their short-term maturities.

As at 31 March 2017, 2018 and 2019 and 31 July 2019, trade receivables of HK$1,566,000, HK$6,553,000, HK$5,871,000 and HK$890,000 respectively were fully performing. The Group's trade receivables balance does not contain credit impaired assets.

The maximum exposure to credit risk at 31 March 2017, 2018 and 2019 and 31 July 2019 is the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

17 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Prepaid listing expenses	—	150	2,238	3,647
Prepayments	3,490	2,458	5,665	6,312
Rental and utilities deposits	3,717	17,735	9,979	12,085
Other receivables	174	7,067	6,748	4,806
	7,381	27,410	24,630	26,850
Non-current				
Prepayment for plant, property and equipment	392	—	3,581	16
Rental and utilities deposits	16,594	10,810	23,578	22,053
	16,986	10,810	27,159	22,069
	24,367	38,220	51,789	48,919

The Company

	As at 31 March 2019	As at 31 July 2019
	HK$'000	*HK$'000*
Prepaid listing expenses	2,238	3,647

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 2017, 2018 and 2019 and 31 July 2019 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 other financial assets at amortised cost approximate to their fair values and are denominated in HK$.

18 RELATED PARTIES BALANCES AND TRANSACTIONS

The Group

For the purposes of this Historical Financial Information, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following individuals and companies were related parties that had transactions or balances with the Group during the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019:

Name of related parties	Relationship with the Group
Belong Success Limited	Controlled by a director of the Company
Bring Well Limited	Controlled by a director of the Company
Fertility Food Provision Limited	Controlled by a director of the Company
Global Great China Limited	A director of the Company being key management personnel up to 10 May 2017 *(Note(i))*
Golden Victory International Development Limited	Controlled by a director of the Company
Happy Huge Limited	Controlled by a director of the Company
Hung Wan (Hong Kong) Trading Company Limited	A director of the Company being key management personnel up to 6 April 2016 *(Note (ii))*
King Glory International Develop Limited	Controlled by shareholders of the Company up to 28 March 2018 *(Note (iii))*
Modern United Limited	Controlled by a director of the Company
On Yin International Develop Limited	Controlled by a director of the Company
Sun Rich International Limited	Controlled by a director of the Company
Wealthy Mark Development Limited	Controlled by a director of the Company up to 10 May 2017 *(Note (iv))*

Note (i) Mr. Lam was a shareholder and director of Global Great China Limited ("Global Great China"). Mr. Lam resigned as director on 10 May 2017 and disposed his equity interest in Global Great China on 27 September 2017. Global Great China is regarded as a third party to the Group afterwards.

Note (ii) Mr. Lam was a shareholder and director of Hung Wan (Hong Kong) Trading Company Limited ("Hung Wan"). Mr. Lam disposed his equity interest in Hung Wan on 26 February 2016 and resigned as director on 6 April 2016. Hung Wan is regarded as a third party to the Group afterwards.

Note (iii) Mr. Lam and Mr. KK Ho were shareholders of King Glory International Development Limited ("King Glory"). Mr. Lam and Mr. KK Ho disposed their equity interest in King Glory on 24 January 2018 and were acquired by a close family member of Mr. KK Ho. Mr. KK Ho ceased to be related to the Group since 28 March 2018 when he disposed his equity interest in the Group. King Glory is regarded as a third party to the Group afterwards.

Note (iv) Mr. Lam was a director of Wealthy Mark Development Limited ("Wealthy Mark"). Mr. Lam resigned as director on 10 May 2017. Wealthy Mark is regarded as a third party to the Group afterwards.

Note (v) Due to the cessation of the related party relationship of Hung Wan (Hong Kong) Trading Company Limited, King Glory International Develop Limited, Global Great China Limited and Wealthy Mark Development Limited with the Group, the balances and transaction amounts with these parties in relevant years are presented as "N/A" in Note 18(a) and 18(b).

(a) Balances with related parties

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from related parties				
On Yin International Develop Limited	6,700	6,702	6,704	6,706
King Glory International Develop Limited	4,422	N/A	N/A	N/A
Golden Victory International Development Limited	—	3,380	6,887	—
Modern United Limited	—	—	330	334
Happy Huge Limited	—	—	7	7
Bring Well Limited	—	—	7	7
Belong Success Limited	—	—	7	7
	11,122	10,082	13,942	7,061
Amounts due to related parties				
Sun Rich International Development Limited	5,638	1,638	—	—
Global Great China Limited	401	N/A	N/A	N/A
Wealthy Mark Development Limited	251	N/A	N/A	N/A
Golden Victory International Development Limited	551	4,084	4,084	688
King Glory International Develop Limited	3,162	N/A	N/A	N/A
	10,003	5,722	4,084	688
Amounts due from shareholders	16,709	—	—	—

The maximum outstanding balances due from shareholders during the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019 are as follows:

		As at 31 March		As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due from shareholders	16,709	35,822	2,470	—

The amount due to Wealthy Mark is trade in nature and the balance is aged between 1 to 30 days as at 31 March 2017. Except for that, all other amounts due from/(to) related parties and shareholders are unsecured, interest-free, non-trade in nature and repayable on demand. The carrying amounts of the amounts due from/(to) shareholders and related parties approximate to their fair values and are denominated in HK$. All outstanding amounts due from/(to) related parties and shareholders as at 31 July 2019 will be settled before the Listing.

(b) Related party transactions

In addition to the transactions disclosed elsewhere in this report, the Group had the following transactions with related parties in the ordinary course of business:

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Discontinued transactions					
Administrative expenses paid and payable to (i)					
King Glory International Develop Limited	4,335	3,386	N/A	N/A	N/A
Sales of food ingredients to (ii)					
Wealthy Mark Development Limited	182	858	N/A	N/A	N/A
Purchases of food ingredients from (iv)					
Fertility Food Provision Limited	307	—	—	—	—
Hung Wan (Hong Kong) Trading Company Limited	257	N/A	N/A	N/A	N/A
Continuing transactions					
Rental expenses paid and payable to (iii)					
Golden Victory International Development Limited	720	720	720	240	240

Notes:

(i) Administrative expenses were paid in accordance with terms mutually agreed by the relevant parties.

(ii) Sales of food ingredients were conducted at terms mutually agreed by the relevant parties.

(iii) Rental expenses are charged at HK$720,000 per year and was mutually agreed by the relevant parties.

(iv) Purchases of food ingredients are conducted at terms mutually agreed by the relevant parties.

(c) 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 Historical Financial Information, is as follows:

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Salaries and other short-term employee benefits	4,725	9,589	10,478	3,464	3,492
Discretionary bonuses	186	322	295	123	129
Retirement benefit scheme contribution	60	68	90	30	30
Share-based payment expenses	16	2,579	—	—	—
	4,987	12,558	10,863	3,617	3,651

The Company

As at 31 March 2019 and 31 July 2019, the amount due to a related company represents the amount due to Skyway United Limited which is non-trade in nature, unsecured, interest-free and repayable on demand.

19 CASH AND CASH EQUIVALENTS

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash in banks	75,077	64,193	79,326	70,766
Cash on hand	659	1,948	2,807	710
	75,736	66,141	82,133	71,476

Note:

As at 31 March 2017, 2018 and 2019 and 31 July 2019, all of the Group's cash and cash equivalents are denominated in HK$.

As at 31 March 2017, 2018 and 2019 and 31 July 2019, the maximum exposure to credit risk of the Group is cash in banks amounting to HK$75,077,000, HK$64,193,000, HK$79,326,000 and HK$70,766,000 respectively.

20 TRADE PAYABLES

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
External suppliers	15,476	23,270	23,300	25,485

An ageing analysis of the trade payables as at 31 March 2017, 2018 and 2019 and 31 July 2019, based on the invoice date, is as follows:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
1 to 30 days	15,476	23,173	23,065	25,290
31 to 60 days	—	90	125	195
61 to 180 days	—	7	110	—
	15,476	23,270	23,300	25,485

The trade payables are non-interest-bearing with payment terms within 60 days and denominated in HK$.

21 OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Provision for reinstatement costs *(Note (a))*	—	400	1,068	847
Accrued employee benefits expenses	15,349	20,817	15,757	17,981
Accrued listing expenses	—	—	472	15
Other payables and accruals	3,576	14,392	12,469	10,388
	18,925	35,609	29,766	29,231
Non-current				
Provision for reinstatement costs *(Note (a))*	4,200	5,300	4,500	4,900
	23,125	40,909	34,266	34,131

As at 31 March 2017, 2018 and 2019 and 31 July 2019, the carrying amounts of other payables and accruals approximate to their fair values, as the impact of discounting is not significant, 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			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
At the beginning of the year/period	3,800	4,200	5,700	5,700	5,568
Additional provision during the year/period	400	1,500	—	—	400
Utilisation of provision	—	—	(132)	—	(221)
At the end of the year/period	4,200	5,700	5,568	5,700	5,747

22 BORROWINGS

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Secured				
Bank borrowings	—	4,334	4,151	4,089

As at 31 March 2017, the Group did not have any banking facility and borrowings.

As at 31 March 2018 and 2019 and 31 July 2019, the Group's borrowings were repayable as follows:

	As at 31 March		As at 31 July
	2018	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Portion due for repayment within 1 year	183	193	196
Portion due for repayment after 1 year but within 2 years which contain a repayment on demand clause	193	198	199
Portion due for repayment after 2 years but within 5 years which contain a repayment on demand clause	605	618	622
Portion due for repayment after 5 years which contain a repayment on demand clause	3,353	3,142	3,072
	4,334	4,151	4,089

Borrowings due for repayment after one year which contain a repayment on demand clause are classified as current liabilities.

As at 31 March 2018 and 2019 and 31 July 2019, the bank borrowings facilities granted to the Group are secured by the following:

(a) The Group's right-of-use asset of land amounting to HK$10,327,000, HK$10,206,000 and HK$10,165,000 respectively *(Note 14)*;

(b) The Group's building amounting to HK$1,538,000, HK$1,474,000 and HK$1,453,000 respectively *(Note 13)*;

(c) Continuing personal guarantee from Mr. Lam and Mr. KK Ho.

The above guarantees given by Mr. Lam and Mr. KK Ho are to be released and replaced by the guarantees of the Company before listing of the Company.

The carrying amounts of bank borrowings approximate their fair values and denominated in HK$.

These borrowing carry floating rates at Hong Kong Interbank Offered Rate ("HIBOR") plus or minus a margin and the exposure of these bank borrowings to interest rate changes. The weighted average interest rates are 2%, 2.21% and 2.28% per annum as at 31 March 2018 and 2019 and 31 July 2019 respectively.

As at 31 March 2018, the Group has undrawn banking facilities of HK$2,000,000. There is no undrawn banking facilities as at 31 March 2017 and 2019 and 31 July 2019.

The Group has complied with the financial covenants of its borrowings facilities during the years ended 31 March 2018 and 2019 and the four months ended 31 July 2019.

23 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in the deferred income tax account is as follows:

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
At the beginning of the year/ period	1,656	2,456	3,896	3,896	5,138
Credited to the combined statements of comprehensive income *(Note 10)*	800	1,440	1,242	510	735
At the end of the year/period	2,456	3,896	5,138	4,406	5,873

The movements in deferred income tax assets and liabilities for each of the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019 without taking into consideration the offsetting of balances within the same jurisdiction, are as follows:

Deferred income tax assets

	Decelerated tax depreciation *HK$'000*	**Tax losses** *HK$'000*	**Total** *HK$'000*
At 1 April 2016	2,081	—	2,081
Credited to the combined statements of comprehensive income	779	—	779
At 31 March 2017 and 1 April 2017	2,860	—	2,860
Credited to the combined statements of comprehensive income	1,543	115	1,658
At 31 March 2018 and 1 April 2018	4,403	115	4,518
Credited/(charged) to the combined statements of comprehensive income	1,020	(115)	905
At 31 March 2019 and 1 April 2019	5,423	—	5,423
Credited to combined statements of comprehensive income	626	100	726
At 31 July 2019	6,049	100	6,149
(Unaudited)			
As at 1 April 2018	4,403	115	4,518
Credited to combined statements of comprehensive income	437	(37)	400
At 31 July 2018	4,840	78	4,918

Deferred income tax liabilities

	Accelerated tax depreciation
	HK$'000
At 1 April 2016	(425)
Credited to the combined statements of comprehensive income	21
At 31 March 2017 and 1 April 2017	(404)
Charged to the combined statements of comprehensive income	(218)
At 31 March 2018 and 1 April 2018	(622)
Credited to the combined statements of comprehensive income	337
At 31 March 2019 and 1 April 2019	(285)
Credited to the combined statements of comprehensive income	9
At 31 July 2019	(276)
(Unaudited)	
At 1 April 2018	(622)
Credited to the combined statements of comprehensive income	110
At 31 July 2018	(512)

Deferred tax assets are recognised for tax losses carry forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 March 2017, 2018 and 2019, the Group had no unrecognised tax losses to be carried forward against future taxable income.

As at 31 July 2019, the Group did not recognise deferred income tax assets of approximately HK$61,000 in respect of tax loss amounting to HK$368,000 that can be carried forward against future taxable income. Such tax loss has no expiry date.

24 RESERVES

The Group

	Merger reserve *(Note a)*	Other reserve *(Note b)*	Share-based compensation reserve *(Note c)*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	—	—	—	—
Share-based compensation *(Note 25)*				
— Employees	—	—	297	297
— Non-employees	—	—	4,645	4,645
At 31 March 2017 and 1 April 2017	—	—	4,942	4,942
Share-based compensation *(Note 25)*				
— Employees	—	—	34,872	34,872
— Non-employees	—	—	1,021	1,021
Incorporate of Ripple Power pursuant to Reorganisation	—	—	—	—
Conversion of employee share award into shares in Ripple Power *(Note 25)*	—	35,169	(35,169)	—
Conversion of non-controlling interest in certain subsidiaries into shares in Ripple Power *(Note 25)*	—	10,992	(5,666)	5,326
Recapitalisation	1,282	—	—	1,282
Dividends *(Note 11)*	—	(34,263)	—	(34,263)
At 31 March 2018, 1 April 2018, 31 March 2019, 1 April 2019 and 31 July 2019	1,282	11,898	—	13,180
(Unaudited)				
At 1 April 2018 and 31 July 2018	1,282	11,898	—	13,180

(a) Merger reserve of the Group represented the share capital of the companies now comprising the Group acquired pursuant to the Reorganisation.

(b) Other reserve of the Group represented the share premium of Ripple Power and the equity movement arising from the transaction with non-controlling interests pursuant to the Reorganisation.

(c) Share-based compensation reserve mainly represented the grant date fair value of shares award to employees and non-employees (Note 25).

The Company

	Accumulated losses	Total
	HK$'000	*HK$'000*
At 25 February 2019 (the date of incorporation)	—	—
Total comprehensive loss for the period	(570)	(570)
At 31 March 2019 and 1 April 2019	(570)	(570)
Total comprehensive loss for the period	(6,942)	(6,942)
At 31 July 2019	(7,512)	(7,512)

25 SHARE-BASED COMPENSATION

Employees

Prior to 29 March 2017, the Mr. Lam and Mr. KK Ho granted restricted shares of Operating Companies to different employees at a subscription price of HK$1 per share. The grantees were required to return the restricted shares to Mr. Lam and Mr. KK Ho at the initial subscription price upon their resignation from the Operating Companies. Since the grantees were not entitled to the future benefits arising from the changes in values of the underlying equity instrument, these restricted shares were not accounted for as share-based payment under HKFRS 2. These restricted shares were also not entitled any rights as a capacity of shareholders of the Operating Companies, including but not limited to voting right and dividends right.

On 29 March 2017, in preparation for the Initial Public Offering of shares of the Group on the Stock Exchange of Hong Kong ("IPO"), the Operating Companies allotted additional restricted shares of the Operating Companies to different employees of the Group (the "Pre-IPO Share Allotment") and directors modified this arrangement to an equity-settled share-based compensation plan and to provide incentive for the Company's employees to contribute in the IPO process and deliver long-term shareholder returns.

Under Pre-IPO Share Allotment arrangement, restricted shares were allotted to the employees to proportionate their shareholding of the Group as if the rights were vested and Reorganisation was completed on 29 March 2017 in preparation for the IPO. These shares had the same feature of those granted prior to 29 March 2017.

Immediately after the Pre-IPO Share Allotment, the directors modified this arrangement to an equity-settled share-based compensation plan in which the employees have rights to issued shares of the holding company of the Operating Companies and Management Companies upon the Reorganisation. The rights are granted on the 29 March 2017 and vest after one year from the grant date. They automatically convert into ordinary shares of the holding company of the Operating Companies and Management Companies upon Reorganisation.

The employees do not receive any dividends and are not entitled to vote in relation to the restricted shares of the Operating Companies during the vesting period. If an employee ceases to be employed by the Group within this period, the rights will be forfeited and they have to return the restricted shares to Mr. Lam and/or Mr. KK Ho upon resignation.

Upon exercising of the share-based compensation, employees shareholders were entitled to full rights and benefits in the shares of Ripple Power and became shareholders at the Group.

Non-employees

Before the Track Record Period, the Group granted shares of certain of its Operating Companies to relatives of Mr. Lam and Mr. KK Ho, and certain business partners. These shares granted to non-employees were vested immediately on respective grant date and their respective equity interest in certain of the Operating Companies was classified as non-controlling interest in the combined financial statements.

On 29 March 2017, in preparation of the IPO, the directors entered into an arrangement with these non-employees to convert their equity interest in the Operating Companies to the equity interest of the holding company of the Operating Companies and Management Companies upon the Reorganisation, which are immediately vested on the same date.

The excess of the fair value of the equity interest of the holding company of the Operating Companies and Management Companies upon the Reorganisation entitled by the non-employees over the fair values of the equity instruments of the Operating Companies held by the non-employee as at vesting date is accounted for as share-based payment expenses in the combined statements of comprehensive income.

After the conversion of the equity interest of the Operating Companies to the equity interest of the holding company of the Operating Companies upon the Reorganisation, the non-employees become the shareholders of the Group. This represents a transaction with non-controlling interests, and a credit of HK$5,326,000, which represented the share premium and the difference arising from the transaction with non-controlling interests, was recognised in other reserve.

In aggregate, the rights granted to employees shareholders and non-employees shareholders in aggregate represent 22% of the issued shares of the holding company of the Operating Companies.

Total expenses arising from share-based payment transactions during the track record period were as follows:

	Year ended 31 March			**Four months ended 31 July**	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Share-based payment expenses charged in the combined statements of comprehensive income					
— employees	297	34,872	—	—	—
— non-employees	4,645	1,021	—	—	—
	4,942	35,893	—	—	—

The valuation of the equity interest in the Group for the share-based payment transactions was undertaken by Royson Valuation Advisory Limited, an independent qualified professional valuer. The valuer has appropriate professional qualifications and recent experience in the valuation of similar business enterprise. The fair values of equity interest in the Group are derived using the market approach and subject to a number of assumptions and with regard to the limitation of the model.

In the market approach, the fair value of the equity interest in the Group is based on the multiplication of the normalised earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA") and appropriate market multiple, which is derived from an analysis of the trading multiples of certain comparable companies. These trading multiples were computed based on the enterprise values (i.e. market capitalisation implied from traded stock price plus debt) of the comparable companies as at the valuation date divided by their EBITDA. The market approach result is then adjusted for a discount for lack of marketability to arrive at the fair value.

Guideline companies are selected based on the following criteria: (1) engaging in provision of food catering services in Hong Kong, (2) profit-making; and (3) listed in Hong Kong for over 18 months. Other than the adjusted EBITDA and the valuation multiple, another significant input to the valuation model is the discount for lack of marketability of 35%. Discount for lack of marketability is estimated by qualified valuer based on their view over the Group's key value drivers, stage of development, business scale and scope.

26 NOTES TO COMBINED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations

	As at 31 March			As at 31 July	
	2017	2018	2019	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Profit before income tax	57,919	51,268	112,381	45,011	16,364
Adjustments for:					
Depreciation expenses	62,590	82,878	89,958	30,142	32,296
Share-based payment expenses	4,942	35,893	—	—	—
Loss on disposal of property, plant and equipment	—	—	353	61	35
Finance income	(561)	(772)	(886)	(289)	(331)
Finance expenses	5,562	6,145	5,600	1,808	2,492
Operation cash flow before working capital changes	130,452	175,412	207,406	76,733	50,856
Inventories	326	(1,573)	434	423	(536)
Trade receivables, prepayments, deposits and other receivables	(4,479)	(19,425)	(8,173)	5,076	6,086
Trade payables, other payables and accruals	11,508	25,578	(6,613)	818	1,650
Amounts due from/to related parties	(5,619)	(4,964)	(720)	(858)	(240)
Cash generated from operations	132,188	175,028	192,334	82,192	57,816

(b) In the combined statements of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 March			Four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Net carrying amount *(Note 13)*	—	—	353	61	35
Loss on disposal of property, plant and equipment	—	—	(353)	(61)	(35)
Proceeds from disposal of property, plant and equipment	—	—	—	—	—

(c) Reconciliation of liabilities arising from financial activities is as follows:

	Lease liabilities	Borrowings	Dividend payable	Amounts due to related parties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	163,528	—	—	9,071	172,599
— Finance cost	5,562	—	—	—	5,562
Cash flows					
— Principal elements of payments	(47,789)	—	—	—	(47,789)
— Interest paid	(5,562)	—	—	—	(5,562)
— Operating transactions with related parties	—	—	—	(5,619)	(5,619)
— Financing transactions with related parties	—	—	—	6,551	6,551
Non-cash changes (i)					
— Additions of lease liabilities	32,908	—	—	—	32,908
At 31 March 2017	148,647	—	—	10,003	158,650
— Finance cost	6,081	64	—	—	6,145
Cash flows					
— Borrowings drawn down	—	4,472	—	—	4,472
— Principal elements of payments	(61,874)	(138)	—	—	(62,012)
— Interest paid	(6,081)	(64)	—	—	(6,145)
— Dividend paid	—	—	(60,000)	—	(60,000)
— Operating transactions with related parties	—	—	—	(4,106)	(4,106)
— Financing transactions with related parties	—	—	—	(175)	(175)
Non-cash changes (i)					
— Additions of lease liabilities	71,540	—	—	—	71,540
— Dividend declared and approved	—	—	159,000	—	159,000
— Dividend settled through amounts due from shareholders	—	—	(35,870)	—	(35,870)
At 31 March 2018	158,313	4,334	63,130	5,722	231,499
— Finance cost	5,507	93	—	—	5,600
Cash flows					
— Principal elements of payments	(73,225)	(183)	—	—	(73,408)
— Interest paid	(5,507)	(93)	—	—	(5,600)
— Dividend paid	—	—	(60,000)	—	(60,000)
— Operating transactions with related parties	—	—	—	(720)	(720)
— Financing transactions with related parties	—	—	—	(918)	(918)
Non-cash changes (i)					
— Additions of lease liabilities	84,925	—	—	—	84,925
— Dividend settled through amounts due from shareholders	—	—	(2,422)	—	(2,422)

	Lease liabilities	Borrowings	Dividend payable	Amounts due to related parties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2019	170,013	4,151	708	4,084	178,956
— Finance cost	2,461	31	—	—	2,492
Cash flows					
— Principal elements of payments	(24,797)	(62)	—	—	(24,859)
— Interest paid	(2,461)	(31)	—	—	(2,492)
— Dividend paid	—	—	(30,000)	—	(30,000)
— Operating transactions with related parties	—	—	—	(240)	(240)
— Financing transactions with related parties	—	—	—	(3,156)	(3,156)
Non-cash changes (i)					
— Additions of lease liabilities	51,154	—	—	—	51,154
— Dividend declared and approved	—	—	60,000	—	60,000
At 31 July 2019	196,370	4,089	30,708	688	231,855
(Unaudited)					
At 31 March 2018	158,313	4,334	63,130	5,722	231,499
— Finance cost	1,777	31	—	—	1,808
Cash flows					
— Principal elements of payments	(23,351)	(61)	—	—	(23,412)
— Interest paid	(1,777)	(31)	—	—	(1,808)
— Dividend paid	—	—	—	—	—
— Operating transactions with related parties	—	—	—	(240)	(240)
— Financing transactions with related parties	—	—	—	982	982
Non-cash changes (i)					
— Additions of lease liabilities	14,495	—	—	—	14,495
At 31 July 2018	149,457	4,273	63,130	6,464	223,324

(i) Other non-cash movements include settlement of dividend through offsetting against amounts due from shareholders and addition to lease liabilities by entering into new operating lease contract by the Group.

27 CAPITAL COMMITMENTS

The Group had the following capital expenditure contracted but not yet incurred and provided for as follows:

	As at 31 March			As at 31 July
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Leasehold improvements contracted but not provided for	—	—	2,009	—

28 COMBINED SHARE CAPITAL OF THE GROUP AND SHARE CAPITAL OF THE COMPANY

Combined share capital

The Reorganisation has not been completed as at 31 March 2019. For the purpose of this Historical Financial Information, the combined share capital in the combined balance sheets as at 31 March 2017, 2018 and 2019 and 31 July 2019 represents the combined share capital of the Company and the subsidiaries now comprising the Group after elimination of inter-company investments.

Share capital of the Company

	Number of Share	Share capital
		HK$'000
Ordinary share of HK$0.01 each		
Authorised	38,000,000	380
Issued and fully paid at 25 February 2019 (the date of incorporation), 31 March 2019 and 31 July 2019	1	—

29 CONTINGENT LIABILITIES

As at 31 March 2017, 2018 and 2019 and 31 July 2019, the Group had no significant contingent liabilities.

30 SUBSEQUENT EVENTS

Save as disclosed elsewhere in this report, no significant events took place subsequent to 31 July 2019.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 July 2019 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 July 2019.

The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the net tangible assets of the Group attributable to the equity holders of the Company as of 31 July 2019 as if the Share Offer had taken place on 31 July 2019.

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 net tangible assets of the Group had the Share Offer been completed as at 31 July 2019 or at any future dates.

	Audited combined net tangible assets of the Group attributable to the equity holders of the Company as at 31 July 2019 *(Note 1)*	**Estimated net proceeds from the Share Offer** *(Note 2)*	**Unaudited pro forma adjusted combined net tangible assets attributable to the equity holders of the Company as at 31 July 2019**	**Unaudited pro forma adjusted net tangible assets per Share** *(Note 3)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
Based on an Offer Price of HK$1.60 per Share	58,235	131,318	189,553	0.47
Based on an Offer Price of HK$2.00 per Share	58,235	160,118	218,353	0.55

Notes:

(1) The audited combined net tangible assets attributable to the equity holders of the Company as at 31 July 2019 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 equity holders of the Company as at 31 July 2019 of approximately HK$58,235,000 as the Group has no intangible asset as at 31 July 2019.

(2) The estimated net proceeds from the Share Offer are based on 100,000,000 Offer Shares and the indicative Offer Price of HK$1.60 per Offer Share and HK$2.00 per Offer Share, being low and high end of the indicative Offer Price range, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately HK$12,518,000 which have been accounted for in the combined statements of comprehensive income of the Group prior to 31 July 2019) paid/payable by the Company, and takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option, any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company under the general mandate to issue Shares and the general mandate to repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 400,000,000 Shares were in issue, assuming that the Share Offer and the Capitalisation Issue have been completed on 31 July 2019 but takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandates granted to the 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 result or other transactions of the Group entered into subsequent to 31 July 2019.

B. REPORT ON UNAUDITED FRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Daikiya Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Daikiya Group 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 July 2019, 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 24 January 2020, 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 July 2019 as if the proposed initial public offering had taken place at 31 July 2019. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended 31 July 2019, 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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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 July 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 January 2020

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 25 February 2019 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association ("**Memorandum**") and its Amended and Restated Articles of Association ("**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 20 December 2019. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) Transfer of shares

Subject to the Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) he is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (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 whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Requisition of general meetings

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(v) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(vi) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vii) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The members may, at a general meeting remove the auditor(s) by a special resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 25 February 2019 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The undertaking for the Company is for a period of 20 years from 11 March 2019.

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.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized 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.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the 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 delivered to the Registrar of Companies and 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 25 February 2019. Our Company's registered office is at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Our Company has established a principal place of business in Hong Kong at Unit B18, 11/F, Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 6 May 2019. Our Company has appointed Mr. Lam as its authorised representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the Companies Law and its constitution, which comprises the Memorandum and the Articles. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

As at the date of incorporation of our Company, its authorised share capital was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. Following its incorporation, one fully-paid Share was allotted and issued to the first subscriber to the Memorandum and Articles of Association of our Company, which was subsequently transferred to Satisfied Bliss at par on the same date.

On 20 December 2019, our Company allotted and issued an aggregate of 9,999 Shares, credited as fully paid, to Satisfied Bliss (at the request and direction of Mr. Lam) and each Minority Shareholder as follows:

Name	**No. of Shares allotted and issued by our Company**
Satisfied Bliss	7,401
Mr. Chau Ka Yeung	80
Ms. Chin Suk Yin	39
Ms. Chio Chon Iok	49
Mr. Choi Tsz Wong	19
Mr. Ho Hok Fung	7
Ms. Ho Siu Mei	5
Mr. Hsu Chi Yung	93
Mr. Jim Chong Keung	16
Mr. OY Lam	91
Mr. Lam Ying Kit	32
Ms. Liu Junrong	32
Mr. Lee Chun Lung	32
Mr. Leung Nok Shun	54
Mr. Lin Kwok Hung	507
Mr. Lo Tak Cheung	27
Mr. TF Lo	56
Mr. Ngan Hon Wing	185
Mr. Shi Chaozong	65
Mr. Sun Baihui	56
Mr. Sze Yau Yam	16
Mr. Tsang Yuk Pan	37
Mr. Tse Wing Hong	63
Mr. Wong Chi Fung	105
Mr. Wong Ka Kin	20
Ms. SW Wong	13
Mr. Wong Ting Chung	366
Mr. Wong Wing Sing	50
Mr. Yeung Chun Sing	13
Mr. Yeung Tit Fung	13
Mr. Yu Shun On	38
Mr. Yung Chung Ngai	16
Mr. He Wenquan	403
Total	9,999

Pursuant to the written resolutions of the Shareholders passed on 20 December 2019, the authorised share capital of our Company was increased from HK$380,000 to HK$20,000,000 divided into 2,000,000,000 Shares by the creation of further 1,962,000,000 Shares.

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued or allotted upon any exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK$20,000,000 divided into 2,000,000,000 Shares and the issued share capital of our Company will be HK$4,000,000 divided into 400,000,000 Shares fully paid or credited as fully paid. Save as disclosed in this prospectus, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders at 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 other alteration in the share capital of our Company since the date of its incorporation.

3. Written resolutions of the Shareholders passed on 20 December 2019

Pursuant to the resolutions in writing of our Shareholders passed on 20 December 2019, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 Shares of HK$0.01 each, by the creation of an additional 1,962,000,000 Shares which shall, when issued and paid, rank *pari passu* in all respects with the existing issued Shares.

Pursuant to the resolutions in writing of our Shareholders passed 20 December 2019:

(a) our Company approved and adopted the Memorandum and the Articles, the terms of which are summarised in Appendix III to this prospectus;

(b) conditional on (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be allotted and issued pursuant to the exercise of any option which may be granted under Share Option Scheme and the Over-allotment Option); and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with the terms or otherwise, in each case on or before the date falling 30 days after the date of the issue of this prospectus:

(i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer, in each case to rank *pari passu* with the then existing Shares in all respects;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "D. Share Option Scheme" below in this Appendix, were approved and adopted and our Directors were authorised, at their absolute discretion but subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all actions as they consider necessary or desirable to implement to the Share Option Scheme;

(iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise an amount of HK$2,999,900 and to appropriate such amount as capital to pay up in full at par 299,990,000 Shares for allotment and issue to our Shareholders whose names appear on the register of members of our Company at close of business on the date this resolution was passed in proportion (as nearly as possible without involving fractions) to their then existing shareholdings, each ranking *pari passu* in all respects with the then existing issued Shares; and

(iv) our Directors were authorised to give effect to such capitalisation and distribution, and the capitalisation was approved;

(c) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with (otherwise than by way of rights issue or pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Memorandum and the Articles or pursuant to a specific authority granted by our Shareholders in general meeting or under the Share Offer or the Capitalisation Issue), the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities, and to make or grant offers, agreements or options which might require the exercise of such power, with such number of Shares not exceeding 20% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may be allotted and issued pursuant to exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), until (i) the conclusion of the next annual general meeting of our Company; or (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any applicable Cayman Islands laws to be held; or (iii) the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first;

(d) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase the Shares 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 total number of issued Shares immediately following completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), until (i) the conclusion of the next annual general meeting of our Company; (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands laws to be held; or (iii) the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors;

(e) the general unconditional mandate mentioned in sub-paragraph (c) above was extended by the addition to such number of Shares which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (d) above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme; and

(f) the Underwriting Agreements, subject to such amendments thereto as may be approved by any one Director, was approved and that any one Director was authorised to sign the same for and on behalf of our Company, and where required, affix the seal of our Company thereon; and any one Director was authorised to approve, execute, ratify and arrange the issue of any documents in relation to or incidental to the Underwriting Agreements.

4. Corporate reorganisation

In preparation of the Listing, the companies comprising our Group underwent the Reorganisation to rationalise our Group's corporate structure. Please refer to the section headed "History, Reorganisation and Group Structure" in this prospectus for further details.

5. Changes in share capital of the subsidiaries of our Company

Our Company's subsidiaries are listed 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, Reorganisation and Group Structure" in this prospectus, there has been no other change to the share capital of any of the subsidiaries of our Company within the two years immediately prior to the date of this prospectus.

6. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in the accountant's report, the text of which is set out in Appendix I to this prospectus.

7. Repurchase by our Company of its own securities

This section contains 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 whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of our Shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to the written resolutions of the Shareholders passed on 20 December 2019, a general unconditional mandate was given to our Directors authorising any repurchase by our Company as described above in the paragraph headed "A. Further information about our Company — 3. Written resolutions of the Shareholders passed on 20 December 2019" in this Appendix.

(ii) Source of funds

Any repurchases must be financed out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of the Cayman Islands.

(b) Funding of purchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles and the applicable laws and regulations of the Cayman Islands. Pursuant to the Repurchase Mandate, repurchases will be made out of funds of our Company legally permitted to be utilised in this connection, including profits and share premium of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase of any premium payable on the repurchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorised by the Articles and subject to the Companies Law, out of capital of our Company.

Our Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(c) Reasons for repurchases

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and our Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value of our Company and/or its earnings per Share.

(d) Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 400,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), could accordingly result in up to 40,000,000 Shares being repurchased by our Company during the course of the period prior to the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles and the applicable laws and regulations of the Cayman Islands to be held; or

(iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of our Shareholders in general meeting.

(e) General

None of our Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their respective close associates, has any present intention, to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is approved by our Shareholders.

There might be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum, the Articles and all applicable laws and regulations of the Cayman Islands.

If, as a result of repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interests of our Shareholder(s), could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made after the Listing. Save as aforesaid, our Directors are not aware of any other consequence under the Takeovers Code as a result of a repurchase of Shares made immediately after the Listing. At present, so far as is known to our Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that our Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules). No core connected person of our Company has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

No repurchase of Shares has been made since the incorporation of our Company.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business of our Group) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam, Wealth Energy, Mr. Chau Ka Yeung, Ms. Chio Chon Iok, Mr. Hsu Chi Yung, Mr. Leung Nok Shun, Mr. Lin Kwok Hung, Mr. Lo Tak Cheung, Mr. TF Lo, Mr. Ngan Hon Wing, Mr. Sun Baihui, Mr. Sze Yau Yam, Mr. Tsang Yuk Pan, Mr. Tse Wing Hong, Mr. Wong Chi Fung, Mr. Wong Ka Kin, Ms. SW Wong, Mr. Wong Wing Sing and Mr. Yung Chung Ngai as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Admiralty Develop from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(b) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam, Wealth Energy, Mr. Chau Ka Yeung, Mr. Hsu Chi Yung, Mr. OY Lam, Ms. Liu Junrong, Mr. Lin Kwok Hung, Mr. Ngan Hon Wing, Mr. Tse Wing Hong, Mr. Wong Chi Fung and Mr. Wong Ting Chung as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Amazing Profit from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(c) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam, Wealth Energy, Mr. Lin Kwok Hung, Mr. Ngan Hon Wing, Mr. Shi Chaozong, Mr. Sun Baihui, Mr. Wong Chi Fung and Mr. Wong Ting Chung as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Ample International from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(d) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam and Wealth Energy as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Boss International from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(e) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam and Wealth Energy as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of

Bright Chief from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(f) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam, Wealth Energy, Ms. Chio Chon Iok, Mr. Lam Ying Kit, Mr. Leung Nok Shun, Mr. Lin Kwok Hung, Mr. TF Lo, Mr. Ngan Hon Wing, Mr. Shi Chaozong, Mr. Tsang Yuk Pan, Mr. Wong Chi Fung, Mr. Wong Ting Chung, Mr. Wong Wing Sing, Mr. Yeung Chun Sing and Mr. Yu Shun On as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Enrich International from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(g) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam, Wealth Energy, Ms. Chin Suk Yin, Mr. OY Lam, Mr. Lee Chun Lung, Mr. Lin Kwok Hung and Mr. Wong Ting Chung as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Fertility International from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(h) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam, Wealth Energy, Ms. Chio Chon Iok, Ms. Chin Suk Yin, Mr. Lam Ying Kit, Mr. Leung Nok Shun, Mr. Lin Kwok Hung, Mr. TF Lo, Mr. Ngan Hon Wing, Mr. Shi Chaozong, Mr. Wong Ting Chung, Mr. Wong Wing Sing, Mr. Yeung Tit Fung and Mr. Yu Shun On as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Galaxy United from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(i) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam and Wealth Energy as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Global Prosperity from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(j) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam, Wealth Energy, Mr. Chau Ka Yeung, Mr. Hsu Chi Yung, Mr. Ngan Hon Wing, Mr. Tse Wing Hong, Mr. Wong Chi Fung and Mr. Wong Ting Chung as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Legend Success from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(k) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam, Wealth Energy, Mr. Chau Ka Yeung, Ms. Chio Chon Iok, Mr. Choi Tsz Wong, Mr. Hsu Chi Yung, Mr. OY Lam, Mr. Lam Ying Kit, Mr. Leung Nok Shun, Mr. Lin Kwok Hung, Mr. TF Lo, Mr. Sun Baihui, Mr. Tse Wing Hong, Mr. Wong Ting Chung, Mr. Wong Wing Sing and Mr. Yeung Chun Sing as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Rich Square from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(l) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam and Wealth Energy as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Rich Tech from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(m) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam, Wealth Energy, Mr. Chau Ka Yeung, Ms. Chio Chon Iok, Mr. Ho Hok Fung, Mr. OY Lam, Mr. Lam Ying Kit, Mr. Leung Nok Shun, Mr. Lin Kwok Hung, Mr. Lo Tak Cheung, Mr. TF Lo, Mr. Ngan Hon Wing, Mr. Shi Chaozong, Mr. Tsang Yuk Pan, Mr. Wong Chi Fung, Mr. Wong Ting Chung, Mr. Wong Wing Sing, Mr. Yeung Tit Fung and Mr. Yu Shun On as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Riches International from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(n) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam as vendor pursuant to which Splendid Fresh acquired the entire issued share capital of Skyway United from Mr. Lam for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(o) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam, Wealth Energy, Mr. Chau Ka Yeung, Ms. Chio Chon Iok, Mr. Hsu Chi Yung, Mr. Jim Chong Keung, Mr. OY Lam, Mr. Leung Nok Shun, Mr. Lin Kwok Hung, Mr. Lo Tak Cheung, Mr. TF Lo, Mr. Ngan Hon Wing, Mr. Sun Baihui, Mr. Sze Yau Yam, Mr. Tsang Yuk Pan, Mr. Tse Wing Hong, Mr. Wong Chi Fung, Mr. Wong Ka Kin, Mr. Wong Wing Sing, Mr. Yu Shun On and Mr. Yung Chung Ngai as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Smooth International from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(p) the sale and purchase agreement dated 15 March 2018 entered into between Splendid Fresh as purchaser and Mr. Lam, Wealth Energy, Mr. Chau Ka Yeung, Ms. Chio Chon Iok, Ms. Ho Siu Mei, Mr. Hsu Chi Yung, Mr. Leung Nok Shun, Mr. Lo Tak Cheung, Mr. TF Lo, Mr. Ngan Hon Wing, Mr. Sze Yau Yam, Mr. Tsang Yuk Pan, Mr. Tse Wing Hong, Ms. SW Wong and Mr. Wong Wing Sing as vendors pursuant to which Splendid Fresh acquired the entire issued share capital of Sure Gain from the aforesaid vendors for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(q) the instrument of transfer and bought and sold notes all dated 16 April 2018 entered into between Newform Limited as transferor and Splendid Fresh as transferee for the transfer of one share representing the entire issued share capital of Rich Ahead in the consideration of HK$1;

(r) the instrument of transfer and bought and sold notes all dated 16 April 2018 entered into between Newform Limited as transferor and Splendid Fresh as transferee for the transfer of one share representing the entire issued share capital of First Point in the consideration of HK$1;

(s) the sale and purchase agreement dated 11 June 2018 entered into between Splendid Fresh as purchaser and Mr. Lam as vendor pursuant to which Splendid Fresh acquired the entire issued share capital of Sky Pro from Mr. Lam for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(t) the sale and purchase agreement dated 11 June 2018 entered into between Splendid Fresh as purchaser and Mr. Lam as vendor pursuant to which Splendid Fresh acquired the entire issued share capital of Sun Rich from Mr. Lam for the consideration of allotment and issue of one share credited as fully paid of Splendid Fresh to Ripple Power;

(u) the subscription agreement dated 4 June 2019 entered into between Sky Pro and Mr. Chiu, Albert Chun Wah, as subscriber, in relation to the subscription of 50 shares, representing 3.3% of the entire issued share capital of Sky Pro, at the consideration of HK$0.5 million;

(v) the subscription agreement dated 10 July 2019 entered into between Sun Rich and Mr. Yip Chi Ping, as subscriber, in relation to the subscription of 100 shares, representing 10% of the entire issued share capital of Sun Rich, at the consideration of HK$1 million;

(w) the share purchase agreement dated 20 December 2019 and entered into among our Company as purchaser, and Mr. Lam and the Minority Shareholders as vendors, pursuant to which Mr. Lam and the Minority Shareholders transferred all their respective shares in Ripple Power to our Company. In consideration of the above, our Company allotted and issued an aggregate of 9,999 Shares, credited as fully paid, to Satisfied Bliss (at the request and direction of Mr. Lam) and each Minority Shareholder;

(x) the Deed of Indemnity; and

(y) the Hong Kong Underwriting Agreement.

2. Intellectual property of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group was the registered owner of the following trademarks:

Trademark	Registration number	Class	Name of registered owner	Place of registration	Date of registration	Expiry date
	302652561	43	Skyway United	Hong Kong	27 June 2013	26 June 2023
	302916874	43	Skyway United	Hong Kong	7 March 2014	6 March 2024
	303453633	43	Skyway United	Hong Kong	25 June 2015	24 June 2025
	303867364	43	Skyway United	Hong Kong	11 August 2016	10 August 2026
	304098899	29, 30, 35, 43	Skyway United	Hong Kong	3 April 2017	2 April 2027
	302687950	43	Skyway United	Hong Kong	30 July 2013	29 July 2023

Trademark	Registration number	Class	Name of registered owner	Place of registration	Date of registration	Expiry date
	304010561	43	Skyway United	Hong Kong	4 January 2017	3 January 2027
	303003137	43	Skyway United	Hong Kong	21 May 2014	20 May 2024
	303497437	43	Skyway United	Hong Kong	6 August 2015	5 August 2025
	301774080	43	Skyway United	Hong Kong	26 November 2010	25 November 2020
A B	304260942	43	Skyway United	Hong Kong	4 September 2017	3 September 2027
	304541436	43	Rich Ahead	Hong Kong	28 May 2018	27 May 2028
	20798472	43	Skyway United	PRC	21 September 2017	20 September 2027
	304940415	43	Skyway United	Hong Kong	28 May 2019	27 May 2029

The following trademarks were registered in the PRC and assigned to us under the agreement to assign dated 31 August 2019:

Trademark	Registration number	Name of Assignor	Name of Assignee	Class	Filing date
	31821137	Shenzhen Pinzhicheng Industrial Limited* (深圳市品之誠實業有限公司) *(note)*	Skyway United	43	30 September 2019
DELUXEDAIEIKI	31805304	Shenzhen Pinzhicheng Industrial Limited* (深圳市品之誠實業有限公司) *(note)*	Skyway United	43	30 September 2019

* *For illustration purpose only*

Note: Shenzhen Pinzhicheng Industrial Limited* (深圳市品之誠實業有限公司) is a company wholly owned by Mr. He Wenquan.

(b) Patents

As at the Latest Practicable Date, our Group has not registered patents which we consider to be or may be material to our business.

(c) Domain names

As at the Latest Practicable Date, our Group was the registered owner of the following domain name:

Domain name	Name of registered owner	Date of registration	Expiry date
daikiya.hk	Legend Success	20 January 2014	20 January 2021

Save as disclosed above, there are no other trade or services marks, patents, other intellectual or industrial property rights which are material to the business of our Group.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of substantial shareholders in the share capital of our Company

So far as our Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme), the following persons (not being a Director or chief executive of our Company) will have interests or short positions in the Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of our Company required to be kept under Section 336 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 member of our Group:

Name of shareholder	Nature of interests	Number of Shares held after the Share Offer and Capitalisation Issue (L) *(Note 1)*	Percentage of shareholding after the Share Offer
Satisfied Bliss	Beneficial Owner *(Note 2)*	222,082,245	55.5%
Ms. Wang Ying	Interest of a spouse *(Note 3)*	222,082,245	55.5%

Notes:

1. The letter "L" denotes the long position (as defined under part XV of the SFO) in such Shares.

2. The issued share capital of Satisfied Bliss is legally and beneficially owned as to 100% by Mr. Lam.

3. Ms. Wang Ying (王穎) is the spouse of Mr. Lam, and is deemed to be interested in the same number of Shares in which Mr. Lam is interested by virtue of the SFO.

Save as disclosed herein but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a director or chief executive of our Company) who will immediately following completion of the Share Offer and the Capitalisation Issue have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of our Company required to be kept under Section 336 of the SFO, or who will immediately following completion of the Share Offer and the Capitalisation Issue 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 member of our Group.

2. Interests and short positions of the directors and chief executive of our Company in the share capital, underlying shares or debentures of our Company and its associated corporations

Immediately following completion of the Share Offer and Capitalisation Issue (taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), the interests and short positions of each of our Directors and chief executive of our Company in the share capital, underlying shares and debentures of our Company or 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 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 required to be kept therein or which, once the Shares are listed, will be required, to be notified to our Company and the Stock Exchange pursuant to Appendix 10 of the Listing Rules are set out as follows:

Interests in our Company

Name of Director	**Nature of interest**	**Number of Shares held after the Share Offer and Capitalisation Issue (L)** *(Note 1)*	**Percentage of shareholding after the Share Offer**
Mr. Lam	Interest in a controlled corporation *(Note 2)*	222,082,245	55.5%
Mr. TF Lo	Beneficial owner	1,684,073	0.42%

Notes:

1. The letter "L" denotes the long position (as defined under Part XV of the SFO) in such Shares.

2. Mr. Lam beneficially owns 100% of Satisfied Bliss which in turn owns 222,082,245 Shares. By virtue of the SFO, Mr. Lam is deemed to be interested in the Shares held by Satisfied Bliss.

Interests in associated corporation of our Company

Satisfied Bliss

Name of Director	Nature of interests	Number of shares held in associated corporation	Percentage of shareholding
Mr. Lam	Beneficial owner	1	100%

Save as disclosed above, immediately following completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of Over-allotment Option or any options which may be granted under the Share Option Scheme), none of our Directors or chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations 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 will be taken or deemed to have under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to Appendix 10 of the Listing Rules relating to securities transactions by Directors to be notified to our Company and the Stock Exchange once our Shares are listed.

3. Particulars of Directors' service contracts and Directors' remuneration

(a) Directors' service contracts

Each of our executive Directors has entered into a service contract with our Company. The terms and conditions of each of such service contracts are similar in all material respects. The service contracts are initially for a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after initial fixed term.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

(b) Directors' remuneration

The remuneration of our executive Directors are determined based on the relevant Director's experience, responsibility, workload and the time devoted to our Company.

For each of FY2017, FY2018, FY2019 and the four months ended 31 July 2019, the aggregate amount paid to our Directors as remuneration (including fees, salaries, contribution to retirement benefit schemes, housing allowances and other allowances and benefits in kind and discretionary bonus) were approximately HK$3,742,000, HK$9,821,000, HK$8,847,000 and HK$2,965,000, respectively.

For FY2020, the estimated total compensation payable to our Directors amounts to approximately HK$9.2 million (excluding any discretionary bonus, benefits or other fringe benefits).

Save as disclosed under the section headed "Directors and Senior Management — Remuneration of Directors and senior management" in this prospectus, there was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

The basic annual remuneration (subject to annual review and excluding any discretionary bonus) payable by our Group to each of our Directors is as follows:

	Annual remuneration *(HK$)*
Executive Directors	
Mr. Lam	8,418,000
Mr. TF Lo	288,000
Independent non-executive Directors	
Mr. Yu Hin Yin	150,000
Mr. Ng Chi Keung	150,000
Mr. Chan Oi Fat	150,000

4. Related party transaction

For details of the related party transactions of our Group entered into within three financial years immediately preceding the date of this prospectus, please refer to the accountant's report set out in Appendix I to this prospectus and the section headed "Connected transactions" in this prospectus.

5. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or the experts named in the paragraph headed "E. Other Information — 7. Qualifications of experts" in this Appendix is interested in the promotion of, or in any assets which have been within the two years immediately preceding the issue of this prospectus acquired or disposed of by or leased to our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) none of our Directors or the experts named in the paragraph headed "E. Other Information — 7. Qualifications of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(c) save as disclosed in this prospectus, none of our Directors or their associates or existing shareholders of our Company (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any other interest in any of the five largest customers of our Group;

(d) none of our Directors or their associates or the existing shareholders of our Company (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest suppliers of our Group; and

(e) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

D. SHARE OPTION SCHEME

(i) Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Company to grant options to any employee, adviser, consultant, service provider, agent, client, partner or joint-venture partner of our Company or any of our subsidiaries (including any Director or any director of our subsidiaries) who is in full-time or part-time employment with or otherwise engaged by our Company or any

Subsidiary at the time when an option is granted to such person under the Share Option Scheme or any person who, in the absolute discretion of the Board, has contributed or may contribute to our Group (the "**Eligible Participants**") to subscribe for the Shares thereby linking their interest with that of our Group.

(b) Grant and acceptance of options

Subject to the terms of the Share Option Scheme, our Directors may, in their absolute discretion make offer to the Eligible Participants. An offer shall be made to an Eligible Participant in writing in such form as our Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

(c) Subscription price of Shares

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) Maximum number of Shares

(i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Group shall not exceed such number of Shares as equals 10% of the issued share capital of our Company at the Listing Date. On the basis of a total of 400,000,000

Shares in issue as at the Listing Date, the relevant limit will be 40,000,000 Shares which represent 10% of the issued Shares at the Listing Date. Our Company may seek approval by its shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of our Group in these circumstances must not exceed 10% of the issued share capital of our Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(ii) Our Company may seek separate approval by its shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the limit are granted only to Eligible Participant specifically identified by our Company before such approval is sought. Our Company will send a circular to our Shareholders containing a generic description of the specified Eligible Participant who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant with an explanation as to how the terms of the options serve such purpose, and such information as may be required under the Listing Rules from time to time.

(iii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Over-allotment Option and any other options granted and yet to be exercised under any other share option schemes of our Group must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.

(iv) Unless approved by our Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant 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 the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting.

Our Company must send a circular to its shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before shareholders' approval and the date of meeting of the board of Directors for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to allot the Shares on the exercise of any option.

(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for Shares in respect of which the notice is given. Within 21 days after receipt of the notice and, where appropriate, receipt of the auditors' or the independent financial adviser's certificate, our Company shall accordingly allot the relevant number of Shares to the grantee (or his legal personal representative) credited as fully paid.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

(f) Restrictions on the time of grant of options

A grant of options may not be made when inside information has come to the knowledge of our Company until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately before the earlier of (i) the date of the Board meeting for the approval of our Company's interim or annual results and (ii) the deadline for our Company to publish its interim or annual announcement, and ending in the date of such results announcement.

(g) Rights are personal to grantees

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) Rights on ceasing employment

The option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or any member of our Group into disrepute).

(i) Rights on death

In the event of the grantee ceasing to be an Eligible Participant by reason of his death before exercising the option in full and where the grantee is any employee of our Group none of the events which would be a ground for termination of his employment under paragraph (h) above arises, his personal representative(s) may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as our Directors may determine.

(j) Cancellation of options

Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by the shareholders of our Company as mentioned in paragraph (d) above.

(k) Effect of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of our

Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of our Company), consolidation, sub-division or reduction of the share capital of our Company or otherwise howsoever, then, in any such case (other than in the case of capitalisation of profits or reserves) our Company shall instruct the auditors or an independent financial adviser to certify in writing:

(A) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

(i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or

(ii) the subscription price; and/or

(iii) the maximum number of Shares referred to in paragraph d(i); and/or

(iv) the method of the exercise of the option(s).

and an adjustment as so certified by the independent financial adviser or the auditors shall be made, provided that:

(i) any such adjustment must give a grantee the same proportion of the equity capital as that to which that person was previously entitled;

(ii) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee 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 event;

(iii) no such adjustment shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value;

(iv) the issue of securities of our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

(v) to the advantage in any respect of the grantee without specific prior approval of the Shareholders.

(B) in respect of any such adjustment, other than any made on a capitalisation issue, the independent financial advisers or the auditors must confirm to our Directors in writing that the adjustment so made satisfies the requirements of the relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(l) Rights on a general offer

If a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of our Company. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and up to the close of such offer (or any revised offer).

(m) Rights on winding up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as it despatches such notice to each member of our Company give notice thereof to all grantees (containing an extract of the provisions of this paragraph) and thereupon, each grantee or his personal representative(s) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(n) Rights on a compromise or arrangement

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, in the event of a compromise or arrangement between our Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any grantee or his personal representative(s) may by notice in writing to our Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by our Company not later than two Business Days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice.

(o) Rights on a scheme of arrangement

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of our Company. If such scheme of arrangement is formally proposed to the shareholders in our Company, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(p) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the exercise date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the exercise date. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of our Company as the holder thereof.

(q) Duration and administration of the Share Option Scheme

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of our Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of our Directors whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) Alternations to the terms of the Share Option Scheme

(i) The provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participant without the prior approval of our Company's shareholders in general meeting;

(ii) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme;

(iii) any change to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Company's shareholders in general meeting; and

(iv) the amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(s) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

(i) the Listing Committee granting the listing of, and permission to deal in, any Shares to be issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;

(ii) commencement of dealings of Shares on the Stock Exchange; and

(iii) the passing of the necessary resolution to approve and adopt the Share Option Scheme by our Shareholder(s) in general meeting or by way of written resolution and to authorise our Directors to grant options at their absolute discretion thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options granted under the Share Option Scheme.

(t) Grant of options to connected persons or any of their associates

Each grant of options to a Directors, chief executive or Substantial Shareholder or an independent non-executive Director, or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million,

such further grant of options must be approved by our Shareholders. Our Company must send a circular to its Shareholders. The grantee, his associates and all core connected persons of our Company must abstain from voting at such general meeting, except that such grantee, his associates or core connected person of our Company may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

(i) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options) to the independent Shareholders as to voting; and

(iii) the information as may be required under the Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a Substantial Shareholder of our Company or an independent non-executive Director, or any of their respective associates.

(u) Lapse of option

The Option Period (as defined in the Share Option Scheme) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the earliest of:

(i) the expiry of the Option Period;

(ii) the expiry of any of the periods referred to in paragraphs (h), (i) or (n), where applicable;

(iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (l);

(iv) subject to the scheme of arrangement becoming effective, the expiry date of the period referred to in paragraph (o);

(v) the date on which the grantee ceases to be an Eligible Participant for any reason other than his death or the termination of his employment or engagement on one or more grounds specified in (vi) below;

(vi) the date on which the grantee of an option ceases to be an Eligible Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction of any criminal offence;

(vii) the date of the commencement of the winding-up of our Company referred to in paragraph (m);

(viii) the date on which the grantee commits a breach of paragraph (g); or

(ix) the date on which the option is cancelled by the Board as set out in paragraph (j).

(v) Termination

Our Company may by an ordinary resolution in general meeting at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Miscellaneous

Any dispute arising in connection with the number of Shares of an option, any of the matters referred to in paragraph (k) above shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

(x) Present status of the Share Option Scheme

Application has been made to the Listing Committee of the Stock Exchange for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of the Share in issue upon completion of the Share Offer and Capitalisation Issue.

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(y) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of the options. Our Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

Our Board confirms that the Board will not approve the exercise of any option if as a result which our Company will not be able to comply with the public float requirements under the Listing Rule.

E. OTHER INFORMATION

1. Estate duty, tax and other indemnity

Indemnity on estate duty and taxation

Our Controlling Shareholders have pursuant to the Deed of Indemnity, given indemnities on a joint and several basis in favour of our Company (for ourselves and as trustee as our subsidiaries) in connection with, among others, any taxation which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or alleged to have been earned, accrued or received on or before the effective date, that is the date on which the Share Offer and Capitalisation Issue becomes unconditional.

Our Controlling Shareholders have also, under the Deed of Indemnity, agreed and undertaken to each of the members of our Group and at all times keep the same indemnified on demand from and against any costs, expenses, losses, damages, claims or penalties that our Group may suffer or incur, as a result of or in connection with, among others, our Group's non-compliance matters as such matters subsist on or prior to the effective date, that is the date on which the Share Offer and Capitalisation Issue becomes unconditional.

Our Controlling Shareholders will however, not be liable under the Deed of Indemnity for taxation where:

(a) to the extent (if any) to which provision, reserve or allowance has been made for such taxation liabilities and claims in the audited combined accounts of our Company for the Track Record Period as set out in Appendix I to this prospectus;

(b) to the extent such taxation liabilities and claims falling on any of the members of our Group in respect of their current accounting periods or any accounting period commencing on or after the effective date would not have arisen but for some act or omission of, or transaction voluntarily effected by, any of the members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) with the prior written consent or agreement or acquiescence of our Controlling Shareholders other than any such act, omission or transaction:

(i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the effective date, or

(ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the effective date or pursuant to any statement of intention made in this prospectus; or

(c) to the extent of any provision, reserve or allowance made for such taxation liabilities in the accounts which is finally established to be an over-provision or an excessive reserve or allowance, in which case our Controlling Shareholders' liability (if any) in respect of such taxation liabilities shall be reduced by an amount not exceeding such provision, reserve or allowance, provided that the amount of any such provision, reserve or allowance applied pursuant to this paragraph to reduce our Controlling Shareholders' liability in respect of such taxation liabilities shall not be available in respect of any such liability arising thereafter and for the avoidance of doubt, such over-provision or excess provision, reserve or allowance shall only be applied to reduce the liability of our Controlling Shareholders under the Deed of Indemnity and none of the members of our Group shall in any circumstances be liable to pay our Controlling Shareholders any such excess; or

(d) to the extent that any taxation liabilities and claims arises or is incurred as a result of the imposition of such taxation liabilities as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or any other relevant authority (whether in Hong Kong, the Cayman Islands and the BVI, or any other part of the world) coming into force after the effective date or to the extent that such taxation liabilities and claims arise or is increased by an increase in rates of such taxation liabilities after the effective date with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the Cayman Islands, the BVI and Hong Kong, being jurisdictions in which one or more of the companies comprising our Group are incorporated.

2. Litigation

As at the Latest Practicable Date, save as disclosed in "Business — Legal Proceedings and Compliance — Legal proceedings" of this prospectus, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened by or against our Company.

3. Sole Sponsor

The Sole Sponsor is independent of our Company pursuant to Rule 3A.07 of the Listing Rules. The fees to be paid to the Sole Sponsor in relation to its role as sponsor in the Listing is HK$5.3 million. The Sole Sponsor has made an application on our behalf 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 pursuant to the Capitalisation Issue, the Offer Shares and any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options granted under the Share Option Scheme.

4. Compliance adviser

In accordance with the requirements of the Listing Rules, our Company has appointed Alliance Capital as our compliance adviser to provide consultancy services to our Company to ensure compliance with the Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date.

5. Promoter

Our Company has no promoter.

6. Preliminary expenses

The estimated preliminary expenses of our Company are approximately HK$59,800 and are payable by our Company.

7. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus, all of which are dated the date of this prospectus:

Name	Qualification
Alliance Capital Partners Limited	Licensed corporation under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified public accountants
Appleby	Cayman Islands attorneys-at-law
Mr. Poon, Billy C.K.	Hong Kong barrister-at-law
Russell Bedford Hong Kong	Tax consultant
Royson Valuation Advisory Limited	Valuer
China Insights Industry Consultancy Limited	Industry consultant
BT Corporate Governance Limited	Internal control consultant

8. Consents of experts

Each of the experts named above has given and has not withdrawn its/his written consent to the issue of this prospectus with the inclusion of its/his report and/or opinion (as the case may be) and references to its/his name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Group or any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of our Group.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Agency fees or commissions

The Underwriters will receive an underwriting commission as referred to in the paragraph headed "Underwriting — International Placing — Total commission and expenses" in this prospectus.

11. Registration procedures

The register of members of our Company will be maintained in the Cayman Islands by Estera Trust (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

12. Miscellaneous

(a) Save as disclosed in this Appendix, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share capital of our Company or any of its subsidiaries;

(iv) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and

(v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.

(b) Our Directors confirm that, save for the Listing expenses as set out in "Financial Information — Listing expenses" and the recent development of our Group as set out in "Financial Information — Recent developments and no material adverse change" in this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 July 2019 (being the date for which the latest audited combined financial statements of our Group were made up) and up to the date of this prospectus.

(c) None of the persons named in "E. Other Information — 7. Qualifications of experts" in this Appendix:

  (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

  (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(d) no company within our Group is presently listed on any stock exchange or traded on any trading system;

(e) our Company has no outstanding convertible debt securities;

(f) there are no arrangements in existence under which future dividends are to be or agreed to be waived; and

(g) 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 24 months preceding the date of this prospectus.

13. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). The English text of this prospectus shall prevail over the Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in "B. Further information about the business of our Group — 1. Summary of material contracts" in Appendix IV to this prospectus; and

(c) the written consents referred to in "E. Other Information — 8. Consents of experts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Fairbairn Catley Low & Kong at 23/F, Shui On Centre, 6–8 Harbour Road, Wan Chai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the accountant's report on financial information of our Group for FY2017, FY2018, FY2019 and the four months ended 31 July 2019 prepared by PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for each of FY2017, FY2018, FY2019 and the four months ended 31 July 2019;

(d) the report on the unaudited pro forma financial information of our Group prepared by PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;

(e) the letter of advice prepared by Appleby summarising certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;

(f) the Companies Law;

(g) the material contracts referred to in "Statutory and General Information — B. Further information about the business of our Group — 1. Summary of material contracts" in Appendix IV to this prospectus;

(h) the written consents referred to in "E. Other Information — 8. Consents of experts" in Appendix IV to this prospectus;

(i) the service agreements and letters of appointment referred to in "Statutory and General Information — C. Further information about our Directors and substantial shareholders — 3. Particulars of Directors' service contracts and Directors' remuneration" in Appendix IV to this prospectus;

(j) the legal opinion issued by Poon, Billy C.K., Hong Kong barrister-at-law;

(k) the tax report prepared by Russell Bedford Hong Kong;

(l) the valuation report prepared by Royson Valuation Advisory Limited;

(m) the rules of the Share Option Scheme;

(n) the internal control review report prepared by BT Corporate Governance Limited; and

(o) the industry report prepared by China Insights Industry Consultancy Limited referred to in the section headed "Industry Overview" of this prospectus.

Daikiya Group Holdings Limited