



翠華餐廳®

Tsui Wah Restaurant

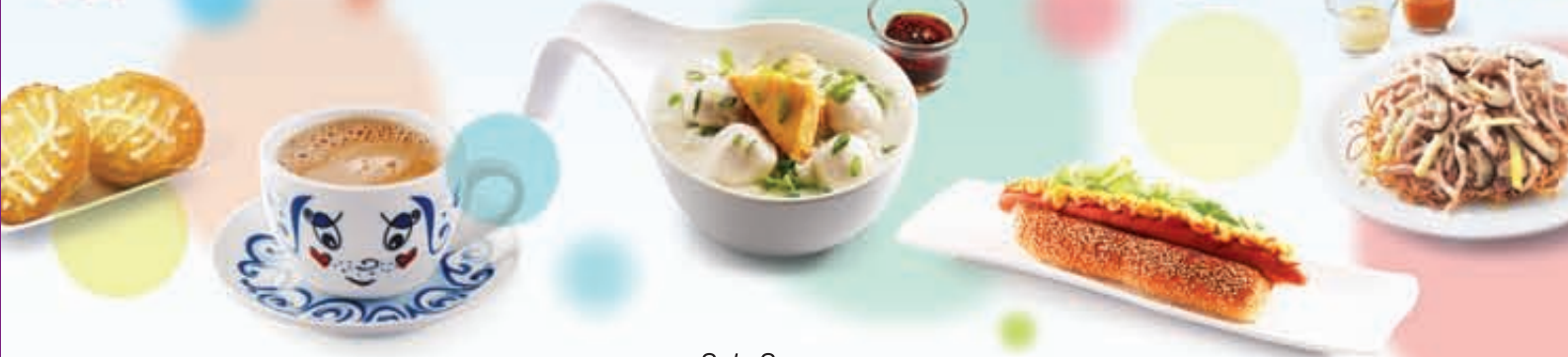
Tsui Wah Holdings Limited

翠華控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1314

Global Offering



Sole Sponsor

Deutsche Securities Asia Limited

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

Deutsche Bank AG, Hong Kong Branch

Deutsche Bank Group 

IMPORTANT

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



Tsui Wah Holdings Limited 翠華控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 333,334,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Public Offer Shares	: 33,334,000 Shares (subject to adjustment)
Number of International Placing Shares	: 300,000,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	: HK\$2.27 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.003% 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	: 1314

Sole Sponsor

Deutsche Securities Asia Limited

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

Deutsche Bank AG, Hong Kong Branch

Deutsche Bank Group 

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

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and available for inspection — Documents delivered to the Registrar of Companies" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The final Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Tuesday, November 20, 2012 and in any event, not later than Friday, November 23, 2012. The Offer Price will not be more than HK\$2.27 and is currently expected to be not less than HK\$1.89. If, for any reason, the final Offer Price is not agreed by Friday, November 23, 2012 between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the estimated Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day of lodging applications under the Hong Kong Public Offering. In the case of such reduction, an announcement will be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.tsuiwah.com. Details of the arrangement will then be announced by us as soon as practicable. For further information, see "Structure and Conditions of the Global Offering" and "How to Apply for the Hong Kong Public Offer Shares and Employee Reserved Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds for termination arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting — Grounds for termination" in this prospectus.

November 14, 2012

EXPECTED TIMETABLE⁽¹⁾

Latest time for lodging **PINK** Application Forms
at our Company's headquarters, 3/F, Tsui Wah Group Centre,
50 Lai Yip St., Ngau Tau Kok, Kowloon, Hong Kong 4:00 p.m. on Friday,
November 16, 2012

Latest time to complete electronic applications under the
HK eIPO White Form service through the designated
website at www.hkeipo.hk⁽²⁾ 11:30 a.m. on Monday,
November 19, 2012

Application lists open⁽³⁾ 11:45 a.m. on Monday,
November 19, 2012

Latest time for lodging **WHITE** and **YELLOW** Application
Forms and giving **electronic application instructions**
to HKSCC⁽⁴⁾ 12:00 noon on Monday,
November 19, 2012

Latest time to complete payment of **HK eIPO White Form**
applications by effecting internet banking transfer(s) or
PPS payment transfer(s) 12:00 noon on Monday,
November 19, 2012

Application lists close⁽³⁾ 12:00 noon on Monday,
November 19, 2012

Expected Price Determination Date⁽⁵⁾ Tuesday,
November 20, 2012

(1) Announcement of the Offer Price, the levels of indication
of interest in the International Placing, the level of
applications in respect of the Hong Kong Public Offering
and Employee Preferential Offering and basis of allocation
under the Hong Kong Public Offering and Employee
Preferential Offering to be published on the website of the
Stock Exchange at www.hkexnews.hk⁽⁶⁾ and our
Company's website at www.tsuiwah.com⁽⁷⁾
and in The Standard (in English) and the
Hong Kong Economic Times (in Chinese) on or before Friday, November 23, 2012

(2) Results of allocations in the Hong Kong Public Offering
(with successful applicants' identification document numbers,
where appropriate) to be available through a variety of
channels as described in "How to Apply for the Hong Kong
Public Offer Shares and Employee Reserved Shares —
III. Applying by using an Application Form —
7. Results of allocations" from Friday, November 23, 2012

(3) A full announcement of the Hong Kong Public
Offering containing (1) and (2) above to be published
on the website of the Stock Exchange
at www.hkexnews.hk⁽⁶⁾ and our Company's website
at www.tsuiwah.com⁽⁷⁾ Friday, November 23, 2012

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering and Employee Preferential Offering to be available at www.tricor.com.hk/ipo/results with a “search by ID” function on	Friday, November 23, 2012
Despatch of share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering and Employee Preferential Offering on or before ⁽⁸⁾	Friday, November 23, 2012
Despatch of HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly successful (in the event that the final Offer Price is less than initial price per Hong Kong Public Offer Share payable on application) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before ⁽⁹⁾	Friday, November 23, 2012
Dealings in the Shares on the Stock Exchange to commence on	Monday, November 26, 2012

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Global Offering, including the conditions of the Hong Kong Public Offering, are set out in “Structure and Conditions of the Global Offering” in this prospectus. If there is any change in this expected timetable, an announcement will be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese).
- (2) You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application 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 or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, November 19, 2012, the application lists will not open and close on that day. See “6. Effect of bad weather on the opening of the application lists” under “III. Applying by using an Application Form” and “V. Applying by giving **electronic application instructions** to HKSCC” in “How to Apply for the Hong Kong Public Offer Shares and Employee Reserved Shares” in this prospectus. If the application lists do not open and close on Monday, November 19, 2012, the dates mentioned in this section may be affected. A press announcement will be made by us in such event.
- (4) Applicants who apply by giving **electronic application instructions** to HKSCC should refer to “How to Apply for the Hong Kong Public Offer Shares and Employee Reserved Shares — Applying by giving **electronic application instructions** to HKSCC” in this prospectus.
- (5) The Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Tuesday, November 20, 2012 and in any event, not later than Friday, November 23, 2012. If, for any reason, the final Offer Price is not agreed by Friday, November 23, 2012 between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.
- (6) The announcement will be available for viewing on the “Main Board — Allotment of results” page on the website of the Stock Exchange at www.hkexnews.hk.
- (7) None of the information contained on this website form part of this prospectus.
- (8) Applicants who apply for 1,000,000 Hong Kong Public Offer Shares or more and/or 1,000,000 Employee Reserved Shares or more and have indicated in their Application Forms that they wish to collect share certificates (if applicable) and refund cheques (if applicable) in person may do so from our Hong Kong Share Registrar, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, November 23, 2012 or any other date as notified by us in the newspapers as the date of despatch of share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who opt for personal collection must not authorize any other person to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by sending their authorized representatives each bearing a letter of authorization from his corporation stamped with the corporation’s chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar, Tricor Investor Services Limited. Applicants who have applied on **YELLOW** Application Forms may not elect to collect their share certificates, which will be deposited into CCASS for credit of their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. Uncollected share certificates and refund cheques will be despatched by ordinary post to the addresses specified in the relevant applications at the applicants’ own risk. Further information is set out in “How to Apply for the Hong Kong Public Offer Shares and Employee Reserved Shares” in this prospectus.
- (9) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the final Offer Price is less than the initial price per Hong Kong Public Offer Share payable on application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in “How to Apply for the Hong Kong Public Offer Shares and Employee Reserved Shares” in this prospectus.

Share certificates are expected to be issued on Friday, November 23, 2012 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respect and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Sole Sponsor, any of the Underwriters, any of our or their respective directors or any other persons or parties involved in the Global Offering.

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SUMMARY AND HIGHLIGHTS

This summary aims at giving you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks 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. Various expressions used in this summary are defined in “Definitions” in this prospectus.

BUSINESS OVERVIEW

We are the leading *Cha Chaan Teng* (茶餐廳) chain owner and operator in Hong Kong based on revenue and number of seats in 2011, according to the Frost & Sullivan Report⁽¹⁾. As at the Latest Practicable Date, we own and operate all of our 26 restaurants⁽²⁾ under our  翠華餐廳 “Tsui Wah (翠華)” brand, including 21 restaurants in Hong Kong, four restaurants in China and one restaurant in Macau. Over our 23 years of operating history under the control of the Core Shareholders, we believe we have successfully built up our  翠華餐廳 “Tsui Wah (翠華)” brand to represent delicious, quality, safe and fresh *Cha Chaan Teng* cuisine. We expanded into the PRC in 2009.

Cha Chaan Teng, or Hong Kong-style restaurant, is an iconic representation of Hong Kong’s dining culture. *Cha Chaan Teng* cuisine combines traditional Cantonese fare with Western and Asian elements to make a distinct, yet authentically Hong Kong-style cuisine. We target the mid- to high-end of the *Cha Chaan Teng* segment. We believe our signature dishes are both distinctive and representative of *Cha Chaan Teng* cuisine, and we differentiate ourselves within the *Cha Chaan Teng* segment by providing safe and quality food at good value for our customers. We purchase quality food ingredients to prepare our dishes. To better monitor quality, we source our ingredients from a number of selected suppliers with whom we have long-standing relationships. We follow a set of standard operating procedures, including stringent quality control procedures at each stage of the raw material supply and food preparation process.

With the success of our  翠華餐廳 “Tsui Wah (翠華)” brand, we currently operate a quick service restaurant at the Hong Kong International Airport under the “Tsui Wah EATery” sub-brand through which we gain exposure among travelers. We launched a pilot restaurant in December 2011 in Hong Kong under a new sub-brand “Tsui Wah Concept (翠華 Concept)”, which offers selected items from our main menu in a smaller restaurant setting than our Tsui Wah restaurants. With “Tsui Wah Concept (翠華 Concept)”, we target a younger demographic and areas where we have not located our larger Tsui Wah restaurants, such as shopping malls and certain residential neighborhoods.

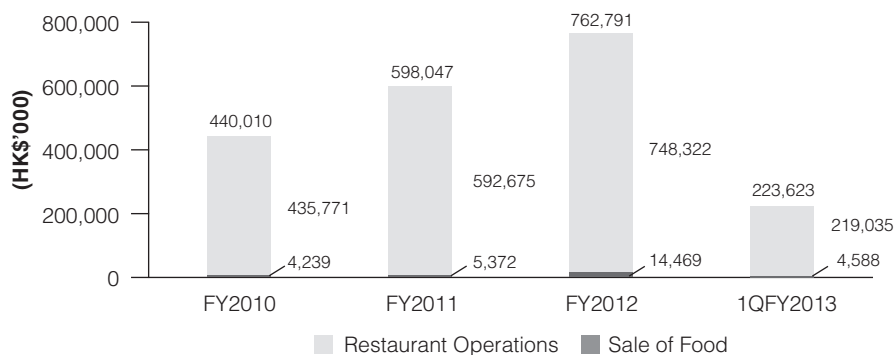
⁽¹⁾ We had commissioned Frost & Sullivan to prepare an independent market research report on the *Cha Chaan Teng* (茶餐廳) market in Hong Kong and the PRC. See “Industry Overview” in this prospectus.

⁽²⁾ Includes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

SUMMARY AND HIGHLIGHTS

Revenue

We derive substantially all of our revenue from food and beverage sales from our restaurant operations. In addition, we also derive revenue from the sale of processed or semi-processed food ingredients from our central kitchen to two of our restaurants operated by our Jointly-Controlled Entities. Our revenue derived from our restaurant operations and from our sale of processed or semi-processed food during the Track Record Period is set forth in the following chart:



Revenue from our restaurant operations are derived from our operations in Hong Kong and China. The following table sets forth our revenue⁽¹⁾ derived from restaurant operations by geographic segment for the periods indicated.

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(HK\$'000, except percentages)									
Hong Kong	400,471	91.9	535,043	90.3	667,407	89.2	146,059	88.7	186,500	85.1
China	35,300	8.1	57,632	9.7	80,915	10.8	18,648	11.3	32,535	14.9
Total	435,771	100.0	592,675	100.0	748,322	100.0	164,707	100.0	219,035	100.0

Restaurant Network

We serve our food in an informal and inviting dining atmosphere, but with attentive service. We lease the premises on which our restaurants operate. The following table sets forth the number of restaurants⁽²⁾ we owned, by geographical region, as of the dates indicated.

	As of March 31,			As of	As of the
	2010	2011	2012	June 30,	Latest
				2012	Practicable
					Date
Number of Restaurants:					
Hong Kong	12	15	18	19	20
China	1	2	2	4	4
Total	13	17	20	23	24

⁽¹⁾ Excludes our share of results from two restaurants owned by our Jointly-Controlled Entities.

⁽²⁾ Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

SUMMARY AND HIGHLIGHTS

KEY OPERATIONAL INFORMATION

Comparable Restaurant Sales

Comparable restaurant sales for a given fiscal year refer to the revenue from all of our restaurants that qualified as comparable restaurants during that year. We define our comparable restaurant base to be those restaurants that were open throughout the periods under comparison. For example, the comparable restaurants for the years ended March 31, 2010 and 2011 are restaurants that were open throughout both the year ended March 31, 2010 and the year ended March 31, 2011. The table below sets forth our comparable restaurant sales over the Track Record Period.

	For the year ended March 31,		For the year ended March 31,		For the three months ended June 30,	
	2010	2011	2011	2012	2011	2012
Number of comparable restaurants⁽¹⁾						
Hong Kong	11	11	11	11	15	15
China	—	—	1	1	2	2
<i>Total number</i>	<u>11</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>17</u>	<u>17</u>
Comparable restaurants sales (HK\$'000)						
Hong Kong	385,850	433,990	433,990	488,220	146,059	166,315
China	—	—	47,724	55,449	18,648	24,789
<i>Total sales</i>	<u>385,850</u>	<u>433,990</u>	<u>481,714</u>	<u>543,669</u>	<u>164,707</u>	<u>191,104</u>
Daily average revenue per comparable restaurant⁽²⁾ (HK\$'000)						
Hong Kong	96	108	108	122	107	122
China	—	—	131	152	102	136
<i>Overall daily average revenue</i>	96	108	110	124	106	124
Percentage increase of comparable restaurants sales during comparable periods						
Hong Kong	12.5%		12.5%		13.9%	
China	—		16.2%		32.9%	
<i>Overall increase</i>	12.5%		12.9%		16.0%	

Other Performance Indicators

Comparable restaurant sales are primarily affected by the average number of invoices per table per day and the average spending per invoice. We record the number of invoices and spending per invoice through our point-of-sale systems. Due to our communal seating arrangement, we can record more than one invoice at one table at a particular time. Accordingly, the average number of invoices per table per day serves as an indicator of guest

⁽¹⁾ Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

⁽²⁾ Daily average revenue per comparable restaurant equals comparable restaurants sales divided by number of comparable restaurants, and then divided by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012.

SUMMARY AND HIGHLIGHTS

traffic at our restaurants, and the average spending per invoice serves as an indicator of the amounts our guests are spending per visit when dining in or per order when ordering delivery and takeaway.

The table below sets forth the average number of invoices per table per day and average spending per invoice for our comparable restaurants during the Track Record Period.

	For the year ended March 31,		For the year ended March 31,		For the three months ended June 30,	
	2010	2011	2011	2012	2011	2012
Number of comparable restaurants⁽¹⁾						
Hong Kong	11	11	11	11	15	15
China	—	—	1	1	2	2
<i>Total number</i>	11	11	12	12	17	17
Average number of invoices per table per day⁽²⁾						
Hong Kong	21	24	24	25	24	24
China	—	—	7	8	6	7
<i>Overall average number of invoice per table per day</i>	21	24	22	22	20	21
Average spending per invoice⁽³⁾ (HK\$)						
Hong Kong	66	68	68	74	71	74
China	—	—	169	190	193	190
<i>Overall average spending per invoice</i>	66	68	72	80	76	81

We opened 12 new restaurants⁽⁴⁾ during the Track Record Period. As at the Latest Practicable Date, nine of these 12 restaurants have achieved breakeven, which we consider to be the point at which the monthly revenue is at least equal to the monthly expenses⁽⁵⁾ of a restaurant. On average, these nine new restaurants⁽⁶⁾ require approximately one to two months to breakeven. The other three new restaurants have not yet achieved breakeven. As at the Latest Practicable Date, six of the 12 new restaurants opened during the Track Record Period have reached the investment payback point, which we consider the amount of time it takes for the accumulated net profit from a restaurant to cover the costs of opening and operating the restaurant up to that point, including incurred capital expenditures and ongoing cash and non-cash operating expenses. The average investment payback period for these six new restaurants opened during that Track Record Period that have reached such point⁽⁷⁾ is approximately 12 months. The other six restaurants opened during the Track Record Period have not yet achieved investment payback.

(1) Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.
(2) Average number of invoices per table per day equals the total number of invoices (excluding delivery and takeaway orders) during a period divided by total number of tables in such restaurants, and then divided by the number of days in such period (i.e. 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012).
(3) Average spending per invoice equals total sales during a year/period divided by the total number of invoices during such year/period.
(4) Excludes one restaurant in Macau owned by one of our Jointly-Controlled Entities.
(5) Monthly expenses include all cash and non-cash operating expenses, namely, cost of inventories sold, staff costs, depreciation, property rentals and related expenses, fuel and utility expenses, advertising and marketing expenses and other operating expenses.
(6) Among these nine restaurants, one was opened during the year ended March 31, 2010, five were opened during the year ended March 31, 2011, one was opened during the year ended March 31, 2012 and two were opened during the three months ended June 30, 2012.
(7) These six restaurants were opened during the two years ended March 31, 2010 and 2011.

SUMMARY AND HIGHLIGHTS

Major Cost Components

During the Track Record Period, our major cost components were the cost of all food and beverages used in our operations, staff costs and property rentals and related expenses.

Cost of Food and Beverages

Cost of food and beverages used in our operations, represented by our costs of inventories sold, was the largest component of our operating expenses, representing 30.4%, 30.6%, 31.0% and 30.9% of our revenues for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. We purchase some of our raw materials and food ingredients from our suppliers in the PRC and some of our raw materials and food ingredients from importers in Hong Kong who in turn source raw materials and food ingredients from various overseas countries, including Europe and the United States.

Staff Costs

Our staff costs include all salaries and benefits payable to all our employees and staff, including our executive Directors, headquarters staff and restaurant and central kitchen staff. Our staff costs remained relatively stable during the Track Record Period at 27.7%, 27.2%, 25.9% and 28.4% of our revenue for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. The following table sets forth a breakdown of our staff costs during the Track Record Period.

	For the year ended March 31,			For the three months ended June 30,	
	2010	2011	2012	2011	2012
	(HK\$'000)				
Staff Costs					
Executive Directors	4,175	4,146	4,260	1,065	1,065
Headquarters staff	4,160	11,937	19,113	3,724	5,948
Restaurants and central kitchen staff	113,436	146,674	174,161	38,530	56,516
Total Staff Costs	121,771	162,757	197,534	43,319	63,529

Property Rentals and Related Expenses

We lease all the properties on which our restaurants operate. The costs of leasing and maintaining our restaurants, central kitchen and headquarters are reflected in our property rentals and related expenses, which accounted for 10.4%, 12.5%, 12.6% and 13.6% of our revenue for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

The following table sets forth the number of our restaurants⁽¹⁾ and a breakdown of our property rental expenses for our restaurants by geographical region during the Track Record Period.

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Number of restaurants	Amount of rental expenses (HK\$'000)	Number of restaurants	Amount of rental expenses (HK\$'000)	Number of restaurants	Amount of rental expenses (HK\$'000)	Number of restaurants	Amount of rental expenses (HK\$'000)	Number of restaurants	Amount of rental expenses (HK\$'000)
Hong Kong	12	38,084	16 ⁽²⁾	63,861	18	81,032	15	18,888	19	22,715
China	1	4,544	2	5,319	2	6,495	2	1,772	4	5,438
Total	13	42,628	18	69,180	20	87,527	17	20,660	23	28,153

⁽¹⁾ Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

⁽²⁾ Includes one restaurant closed in January 2011, which was consolidated with another restaurant on the same street after we secured a larger premise for such restaurant.

SUMMARY AND HIGHLIGHTS

Our restaurant leases typically have terms of two to ten years. Some of our leases contain renewal options exercisable at our discretion upon expiration of the lease for periods ranging from two years to six years.

INDUSTRY

According to the Frost & Sullivan Report, the sales value of Hong Kong's *Cha Chaan Teng* sector increased from approximately HK\$17.1 billion in 2007 to approximately HK\$22.7 billion in 2011, representing a CAGR of approximately 7.3%. *Cha Chaan Teng* restaurants held a significant share of the casual dining segment in Hong Kong in 2011, amounting to approximately 62.5%. Hong Kong's *Cha Chaan Teng* sector is highly fragmented, with approximately 89.0% of the market share held by non-chain restaurants in 2011. With a market share of approximately 3.2%, we held the largest market share of the Hong Kong *Cha Chaan Teng* sector in 2011, according to the Frost & Sullivan Report.

The sales value of China's *Cha Chaan Teng* sector increased from approximately RMB9.1 billion in 2007 to approximately RMB24.8 billion in 2011, representing a CAGR of approximately 28.6%, according to the Frost & Sullivan Report. *Cha Chaan Teng* restaurants held a significant share of the casual dining segment in China in 2011, amounting to approximately 42.0%. Although not as highly fragmented as Hong Kong's *Cha Chaan Teng* sector, China's *Cha Chaan Teng* sector is still dominated by non-chain restaurants, which had a total of approximately 71.4% market share in 2011. According to the Frost & Sullivan Report, we held a 0.2% market share in China's *Cha Chaan Teng* sector in 2011. As the *Cha Chaan Teng* chain with the largest market share in the Hong Kong *Cha Chaan Teng* sector in 2011, according to the Frost & Sullivan Report, we believe that the overall growth trend and fragmented nature of the Hong Kong and China markets present vast growth opportunities for us.

COMPETITIVE STRENGTHS

We believe the following key strengths of our Company distinguish us from our competitors and position us for significant growth in the future:

- an iconic and prestigious brand;
- leading market position in Hong Kong with great potential for expansion;
- high-quality cuisine and innovative product development;
- highly efficient and standardized operations; and
- leadership under an experienced restaurateur complemented by an energetic professional management team.

BUSINESS STRATEGIES

Our objective is to become a leading *Cha Chaan Teng* chain owner and operator in Greater China. To this end, we intend to implement the following strategies:

- continue expansion in the PRC building on our hub-and-spoke strategy in the PRC;
- increase market share and broaden customer base in Hong Kong by diversifying sales channels;
- continue to promote brand image and recognition;

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- continue to enhance comparable restaurant sales growth and profitability;
- continue to strengthen operational infrastructure to deliver sustainable growth; and
- continue to strengthen the quality of our customer services.

EXPANSION STRATEGY AND PLAN

We opened one, five, four⁽¹⁾ and three new restaurants, respectively, in each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012.

The PRC

As the leading *Cha Chaan Teng* chain owner and operator in Hong Kong (based on our revenue and number of seats in 2011, according to the Frost & Sullivan Report), we intend to continue expanding in certain affluent regions in the PRC on the basis of our hub-and-spoke strategy. We plan to open five, eight and 11 new Tsui Wah restaurants in China in the three financial years ending March 31, 2013, 2014 and 2015, respectively, in the following regions:

	For the year ending March 31,		
	2013	2014	2015
Yangtze River Delta (primarily in Shanghai)	4 ⁽²⁾	5	5
Southern China (primarily in Shenzhen and Guangzhou)	—	2	5
Central China (Wuhan)	1 ⁽³⁾	1	1
Total	5	8	11

Since April 1, 2012 and up to the Latest Practicable Date, we opened one restaurant in Shanghai and one restaurant in Wuhan and entered into building leases in connection with the opening of two restaurants on Changshou Road and Yong Xin Fang in Shanghai as part of our expansion plan in the PRC for the year ending March 31, 2013. We expect to begin construction of our first central kitchen in Shanghai which we expect will become operational in the year ending March 31, 2014. The central kitchen is expected to cover approximately 30,000 square feet and we intend for it to, at full capacity, be able to support up to 40 Tsui Wah restaurants within a radius of approximately 200 kilometers or within a transport range of two hours. To support our planned expansion in Southern China, we expect to begin construction of our first central kitchen in Southern China which we expect will become operational in the year ending March 31, 2015. We currently expect this central kitchen to be located in or near Shenzhen or Guangzhou. This first central kitchen in Southern China is expected to cover approximately 15,000 square feet and we intend for it to, at full capacity, be able to support up to 20 Tsui Wah restaurants within a radius of approximately 200 kilometres or within a transport range of two hours.

The total planned capital expenditures for our network expansion in China is expected to be HK\$45.0 million, HK\$127.0 million and HK\$159.0 million for the three years ended March 31, 2013, 2014 and 2015, respectively. For the three months ended June 30, 2012, our total capital

⁽¹⁾ Includes one restaurant in Macau operated by our Jointly-Controlled Entity.

⁽²⁾ Includes one restaurant in Shanghai already opened during the fiscal year ending March 31, 2013 as at the Latest Practicable Date.

⁽³⁾ Includes one restaurant in Wuhan already opened during the fiscal year ending March 31, 2013 as at the Latest Practicable Date.

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expenditures for our network expansion in China amounted to HK\$3.2 million. From July 1, 2012 to the Latest Practicable Date, the capital expenditures we incurred for our network expansion in China amounted to HK\$14.3 million.

Hong Kong

In respect of the Hong Kong market, we intend to increase our market share and broaden our customer base in Hong Kong through expansion of our Tsui Wah-brand restaurants and our delivery and catering services.

We expect to open five, four and four new Tsui Wah restaurants in the three years ending March 31, 2013, 2014 and 2015, respectively, in Hong Kong. Since April 1, 2012 and up to the Latest Practicable Date, we opened one restaurant in Ngau Tau Kok and one restaurant in the Hong Kong International Airport and entered into building leases in connection with the opening of three restaurants in Yau Ma Tei, Tsim Sha Tsui and Shatin as part of our expansion plan in Hong Kong for the year ending March 31, 2013. To support this planned expansion, we plan to open a second central kitchen in Hong Kong that we expect will become operational in the year ending March 31, 2014. The second central kitchen in Hong Kong is expected to cover between 30,000 to 40,000 square feet and we intend for it to, at full capacity, be able to support up to 50 Tsui Wah restaurants, within a radius of approximately 200 kilometers or within a transport range of two hours.

Currently, we utilize our existing restaurants to serve our delivery customers. We intend to increase delivery sales by strengthening our delivery services from existing restaurants and establishing a network of delivery centers to reach customers in areas where our existing restaurants are not located. We plan to open one, three and three new delivery centers in Hong Kong in the three years ending March 31, 2013, 2014 and 2015, respectively, depending on the availability of suitable premises.

With our experience in providing consistent and quality food, we intend to expand into the catering services industry. We commenced this new catering service under a new brand, "Supreme Catering", in October 2012.

The total planned capital expenditures for our network expansion in Hong Kong is expected to be HK\$48.5 million, HK\$97.0 million and HK\$47.0 million for the three years ended March 31, 2013, 2014 and 2015, respectively. For the three months ended June 30, 2012, our total capital expenditures for our network expansion in Hong Kong amounted to HK\$8.0 million. From July 1, 2012 to the Latest Practicable Date, the capital expenditures we incurred for our network expansion in Hong Kong amounted to HK\$12.3 million. For further details on the capital expenditure requirements as well as breakeven and investment payback periods of our planned expansion in Hong Kong, see "Business — Expansion Plans, Site Selection and Development — Recent and Planned Expansion in Hong Kong" in this prospectus.

RISK FACTORS

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors". You should read the entire section carefully before you decide to invest in the Shares.

While any of the risks and uncertainties could have a material adverse effect on our business, financial condition and results of operations or the trading price of the Shares and could cause you to lose all or a portion of your investment, you should consider that we expect to require approximately HK\$95.7 million, HK\$232.0 million and HK\$214.0 million in capital expenditures for our expansion plans in Hong Kong and the PRC for the three years ending

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March 31, 2013, 2014 and 2015, respectively. In the event that our expansion plan proves to be unsuccessful, our overall cash flow position, as well as our profitability, may be materially and adversely affected. In addition, any significant liability claims or food contamination complaints from our customers, or our failure or perceived failure to deal generally with customer complaints, could materially and adversely affect our business and operations. Our ability to avoid such complaints with respect to food safety depends on our ability to maintain effective quality control systems at our restaurants. In addition, on a broader scale, our business depends significantly on the market recognition of our brands, and any damage to our brands could materially and adversely impact our business and results of operations.

As we lease the premises on which we operate our restaurants, we are exposed to changes in the retail rental market and are subject to the risk of high occupancy costs, which could increase our operating expenses. Further, we operate our business in a highly competitive industry in which competitors may be able to secure prime properties to operate their restaurant establishments to our detriment. Competitors may also imitate our dishes and offer them at competitive prices, thereby affecting our profitability. You should also consider that our operations are susceptible to increases in our purchase costs for food ingredients and rising wages for our staff, which could adversely affect our margins and results of operations.

SELECTED CONSOLIDATED INCOME STATEMENTS AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	For the year ended March 31,			For the three months ended June 30,	
	2010	2011	2012	2011	2012
	(HK\$'000)			(unaudited)	
Revenue	440,010	598,047	762,791	167,250	223,623
Profit before tax	67,568	83,526	134,206	24,535	31,117
Profit for the year/period	57,319	68,024	110,429	20,149	25,648
Profit for the year/period attributable to:					
Owners of the Company	53,812	64,909	103,910	19,137	23,956
Non-controlling interests	3,507	3,115	6,519	1,012	1,692
	As of March 31,			As of June 30,	
	2010	2011	2012	2012	
	(HK\$'000)				
Current assets	248,535	317,772	378,134	160,702	
Current liabilities	161,925	202,460	226,490	120,881	
Net current assets	86,610	115,312	151,644	39,821	
Net assets	139,983	195,591	280,788	184,080	
Total assets less current liabilities	140,111	196,454	281,507	184,883	

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SELECTED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended March 31,			For the three months ended June 30,	
	2010	2011	2012	2011	2012
	(HK\$'000)			(unaudited)	
Net cash flows from operating activities	80,925	70,934	113,844	23,987	27,291
Net cash flows (used in) investing activities . .	(92,693)	(77,408)	(65,437)	(21,044)	(4,186)
Net cash flows from/(used in) financing activities	16,764	30,192	(19,052)	(2,229)	(11,736)
Net increase in cash and cash equivalents . .	4,996	23,718	29,355	714	11,369
Cash and cash equivalents at beginning of year/period	33,802	38,810	62,906	62,906	92,082
Net effect of foreign exchange rate changes .	12	378	(179)	82	629
Cash and cash equivalents at end of year/period	38,810	62,906	92,082	63,702	104,080

SHAREHOLDERS' INFORMATION

Controlling Shareholders

The table below sets forth information regarding the ownership of our Shares immediately following the completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme):

	Number of Shares owned	Approximate percentage of voting rights
Cui Fa (note 1)	789,092,000	59.18%
Ample Favour (note 2)	85,408,000	6.41%
Victor Leap (note 3)	63,456,000	4.76%
Macca Investment	60,000,000	4.50%
Mr. Chau	2,044,000	0.15%
Other Shareholders	333,334,000	25%
Total	1,333,334,000	100%

Notes:

- (1) Cui Fa is owned as to approximately 48.19%, 37.35% and 14.46%, respectively, by Mr. Lee, Mr. Ho and Mr. YT Cheung as at the date of this prospectus.
- (2) Ample Favour is wholly-owned by Mr. WK Cheung as at the date of this prospectus.
- (3) Victor Leap is wholly-owned by Mr. YP Cheung as at the date of this prospectus.

Upon the Listing, each of Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung, Mr. YP Cheung, Cui Fa, Ample Favour and Victor Leap will be a Controlling Shareholder. Our Directors are of the view that as at the Latest Practicable Date, none of our Controlling Shareholders or any of their respective associates had interests in any business which compete, or is likely to compete, either directly or indirectly, with our business.

Pre-IPO Share Option Scheme

We have adopted a Pre-IPO Share Option Scheme, details of which are set out in "E. Share Option Schemes — Pre-IPO Share Option Scheme" in Appendix IV to this prospectus. Issuance of Shares pursuant to the exercise of the options granted under the Pre-IPO Share

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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 and the earnings per Share, and may cause dilution to the net asset per Share. For details of the effect of such issuance on the unaudited pro forma adjusted consolidated net tangible assets per Share, see Note 5 to the Unaudited Pro Forma Financial Information set out in Appendix II to this prospectus.

OFFERING STATISTICS

Market Capitalization at Listing	:	HK\$2,520.0 million to HK\$3,026.7 million
Offer size	:	Initially 25% (excluding Shares to be offered pursuant to the exercise of the Over-allotment Option) of the enlarged issued share capital of the Company
Offering structure	:	Approximately 10% Hong Kong Public Offering (subject to adjustment) and approximately 90% International Placing (subject to adjustment and the Over-allotment Option)
Employee Preferential Offering	:	Approximately 10% of the number of Offer Shares initially available under the Hong Kong Public Offering
Over-allotment Option	:	Up to 15% of the number of Offer Shares initially available under the Global Offering
Offer Price per Share	:	HK\$1.89 to HK\$2.27 per Offer Share
Board lot	:	2,000 Shares
Use of proceeds (assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$2.08 per Share (being the mid-point of the indicative Offer Price range))	:	<p>Net proceeds to our Company from the offer of new Shares:</p> <p>HK\$631.1 million, after deducting underwriting fees and estimated expenses.</p> <ul style="list-style-type: none">• Approximately HK\$126.2 million, representing approximately 20% of the net proceeds will be used for opening new restaurants and delivery centers and launch of catering service in Hong Kong;• Approximately HK\$220.9 million, representing approximately 35% of the net proceeds will be used for opening new restaurants in China;• Approximately HK\$63.1 million, representing approximately 10% of the net proceeds will be used for construction of our new central kitchen in Hong Kong;

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- Approximately HK\$126.2 million, representing approximately 20% of the net proceeds will be used for construction of our new central kitchen in Shanghai and our new central kitchen in Southern China;
- Approximately HK\$31.6 million, representing approximately 5% of the net proceeds will be used for upgrading our information technology systems; and
- The remaining balance of approximately HK\$63.1 million, representing 10% of the net proceeds, will be used for additional working capital and other general corporate purposes.

DIVIDEND AND DIVIDEND POLICY

During the Track Record Period, we declared and paid dividends of HK\$5.0 million, HK\$12.1 million, HK\$15.3 million and HK\$117.9 million for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. We declared a one-off and non-recurring dividend to the existing Shareholders of approximately HK\$53.5 million in October 2012, all of which is expected to be paid by December 2012. Such dividends will be funded by using our internal resources. Investors in the Global Offering and persons becoming Shareholders after the Listing will not be entitled to such dividend. After completion of the Global Offering, our Shareholders will be entitled to receive dividends only when declared by our Board. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. As regards our PRC-incorporated subsidiaries, the PRC laws require that dividends be paid only out of the net profit calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including HKFRS. The PRC laws also require foreign-invested enterprises, such as our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

Subject to the factors described above, we currently intend to recommend at the annual general meetings of our Company that dividends of not less than 30% of our net profit for each year after the Listing (that is, for the avoidance of doubt, commencing from the year ending March 31, 2013) would be available for distribution to shareholders after the Global Offering.

Cash dividends on our shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to our shareholders by any means which our Directors deem legal, fair and practicable. Investors should note that historical dividend distributions are not indicative of our future dividend distribution policy.

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RECENT DEVELOPMENTS OF OUR GROUP SUBSEQUENT TO THE TRACK RECORD PERIOD

We have shown steady development after the Track Record Period. There has been no material change to our business model, cost and revenue structure, and profit margin except that the unaudited revenue for the three months ended September 30, 2012 was higher than that for the three months ended September 30, 2011, principally due to the increase in revenue of comparable restaurants, opening of new restaurants in the year ended March 31, 2012 and opening of three new restaurants during the first quarter of the year ending March 31, 2013. In addition, the performance of our Jointly Controlled Entities have substantially improved during the same period. We have made steady progress in respect of our planned expansion after the Track Record Period. As part of the expansion plan for the year ending March 31, 2013, we have opened two new restaurants in the PRC and two new restaurants in Hong Kong since April 1, 2012 and up to the Latest Practicable Date. In addition, we entered into binding leases for the premises of (i) the remaining three restaurants which we plan to open in Hong Kong during the year ending March 31, 2013 and (ii) two of the remaining three restaurants which we plan to open in the PRC during the year ending March 31, 2013. From July 1, 2012 to the Latest Practicable Date, capital expenditures incurred in connection with our expansion plans amounted to HK\$26.6 million.

As of September 30, 2012, we settled HK\$44.4 million of the HK\$44.4 million in trade payables as of June 30, 2012 and received HK\$3.7 million out of the HK\$4.0 million in trade receivables as of June 30, 2012. As of September 30, 2012, approximately HK\$9.2 million of our HK\$9.7 million inventories as of June 30, 2012 were subsequently utilized.

We expect our listing expenses will amount to approximately HK\$38 million, the nature of which is non-recurring. Please note that the listing expenses above are a current estimate for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2012 (being the date to which the latest audited financial statements of our Group were made up) and up to the date of this prospectus.

DEFINITIONS

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

“2006 Policies”	A Guide to Applicants/Licensees on Procedures of Applying for Issue and Transfer of Food Business Licenses issued by the Food and Environmental Hygiene Department on April 18, 2006
“Acting in Concert Confirmation”	a deed of confirmation dated November 5, 2012 executed by our Core Shareholders, whereby they confirmed the existence of their acting in concert arrangements. A summary of the Acting in Concert Confirmation is set out in “Relationship with Controlling Shareholders” in this prospectus
“Ample Favour”	Ample Favour Limited (恩盛有限公司), a company incorporated with limited liability in the BVI on September 20, 2011 and wholly-owned by Mr. WK Cheung. Ample Favour is a Controlling Shareholder
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s), GREEN Application Form(s) and PINK Application Form(s), individually or collectively, as the context may require
“Articles” or “Articles of Association”	the articles of association of our Company, adopted on November 5, 2012 and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Authorized Person(s)”	a person whose name is kept under the authorized persons’ register of the Building Authority in Hong Kong as an architect, an engineer or a surveyor
“Billioncom”	Billioncom (Hong Kong) Limited (富澤(香港)有限公司), a company incorporated in Hong Kong with limited liability on September 7, 1998 and indirectly wholly-owned by our Company through Kang Wang
“Board” or “our Board”	the board of Directors of our Company
“Buildings Ordinance”	Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	British Virgin Islands
“CAGR”	compound annual growth rate

DEFINITIONS

“Capitalization Issue”	the capitalization of an amount of HK\$8,000,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 800,000,000 Shares for allotment and issue to our Shareholders as resolved by our Shareholders on November 5, 2012
“Cayman Islands Company Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“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 individual or joint individuals or corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“ <i>Cha Chaan Teng</i> ”	茶餐廳, Hong Kong-style restaurants that serve Asian and Western cuisine in a casual environment
“Champion Richstar”	Champion Richstar Limited (運禧有限公司), a company incorporated in Hong Kong with limited liability on June 14, 2012 and indirectly wholly-owned by our Company through Kang Wang
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan, unless otherwise specified
“China Sure”	China Sure Limited (確華有限公司), a company incorporated in Hong Kong with limited liability on January 14, 2009 and indirectly wholly-owned by our Company through Kang Wang
“Common Way”	Common Way Limited (錦日有限公司), a company incorporated in Hong Kong with limited liability on April 7, 2010 and indirectly wholly-owned by our Company through Kang Wang
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company” or “our Company”	Tsui Wah Holdings Limited (翠華控股有限公司), an exempted company incorporated in the Cayman Islands on May 29, 2012 with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and in the context of this prospectus, refers to the controlling Shareholders of our Company, namely, Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung, Mr. YP Cheung, Cui Fa, Ample Favour and Victor Leap
“Core Shareholder(s)”	Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung and Mr. YP Cheung, each being an executive Director and a Controlling Shareholder
“Cornerstone Investor(s)”	LT Growth Investment XV Limited and Prax Capital China Growth Fund III, L.P., or any one of them
“Cui Fa”	Cui Fa Limited (翠發有限公司), a company incorporated in the BVI with limited liability on July 26, 2011 and currently owned as to approximately 48.19% by Mr. Lee, approximately 37.35% by Mr. Ho and approximately 14.46% by Mr. YT Cheung. Cui Fa is a Controlling Shareholder
“Cui Xin”	Cui Xin Holdings Limited (翠新控股有限公司), a company incorporated in the BVI with limited liability on September 28, 2011 and directly wholly-owned by our Company
“Deed of Indemnity”	the deed of indemnity dated November 7, 2012 and executed by our Controlling Shareholders and our Company, particulars of which are set out in “G. Other information — 2. Indemnities given by the Controlling Shareholders” in Appendix IV to this prospectus
“Deed of Non-Competition”	the deed of non-competition undertakings dated November 7, 2012 executed by our Controlling Shareholders and our Company, particulars of which are set out in “Relationship with Controlling Shareholders — Deed of Non-Competition” in this prospectus
“Deed of Lock-Up Undertakings”	the deed of lock up undertakings dated November 13, 2012 entered into by Mr. Lock and Macca Investment in favor of our Company, the Sole Sponsor, the Sole Global Coordinator and other Underwriters, particulars of which are set out in “Underwriting — Other Undertakings” in this prospectus
“Director(s)”	the director(s) of our Company or any one of them
“Dragonsea”	Dragonsea Limited (游龍有限公司), a company incorporated in Hong Kong with limited liability on December 12, 2005 and indirectly wholly-owned by our Company through Kang Wang

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“Eligible Employee(s)”	all full-time employee(s) of our Group who joined our Group on or before the Latest Practicable Date and have a Hong Kong address (other than the chief executive or directors of the Company or its subsidiaries, existing beneficial owners of Shares or any of their respective associates and any other connected persons of the Company)
“Employee Preferential Offering”	the offer of up to 3,332,000 Hong Kong Public Offer Shares to Eligible Employees as described in “Structure and Conditions of the Global Offering — Employee Preferential Offering” in this prospectus
“Employee Reserved Shares”	the 3,332,000 Hong Kong Public Offer Shares (representing approximately 1% of the Offer Shares available under the Global Offering) available in the Employee Preferential Offering which are to be allocated out of the Hong Kong Public Offer Shares
“Euro Success”	Euro Success Limited (歐羅有限公司), a company incorporated in Hong Kong with limited liability on January 6, 2006 and indirectly wholly-owned by our Company through Kang Wang
“Ever Million Rich”	Ever Million Rich Limited (永萬富有限公司), a company incorporated in Hong Kong with limited liability on April 7, 2010 and indirectly wholly-owned by our Company through Kang Wang
“Famous China”	Famous China Enterprise Limited (采華企業有限公司), a company incorporated in Hong Kong with limited liability on March 5, 2003 and indirectly wholly-owned by our Company through Kang Wang
“Famous Star”	Famous Star Investment Limited (星譽投資有限公司), a company incorporated in Hong Kong with limited liability on October 15, 2008 and owned as to 80% by our Company indirectly through Joyhale and as to 20% by our joint venture partner. Famous Star is a Jointly-Controlled Entity
“Famous Star JV Agreement”	a joint venture agreement dated November 15, 2008 entered into between Joyhale and our joint venture partner, pursuant to which Joyhale and our joint venture partner agreed to incorporate Famous Star for the joint operation of the Tseung Kwan O Tsui Wah restaurant (將軍澳翠華餐廳)
“Flying Gold”	Flying Gold Limited (翔金有限公司), a company incorporated in Hong Kong with limited liability on June 16, 2011 and indirectly wholly-owned by our Company through Kang Wang
“Frost & Sullivan Report”	an independent market research report commissioned by our Company prepared by Frost & Sullivan on the <i>Cha Chaan Teng</i> (茶餐廳) market in Hong Kong and the PRC issued in November 2012

DEFINITIONS

“full-service”	when used in the context of a restaurant, a full-service restaurant is a restaurant with full table service provided by waiters, where customers are served their meals at the table, and typically pay at the end of the meal, according to the Frost & Sullivan Report
“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offering and the International Placing
“Golden York”	Golden York World Limited (金旭匯有限公司), a company incorporated in Hong Kong with limited liability on August 3, 2009 and indirectly wholly-owned by our Company through Kang Wang
“Greater China”	the PRC, Hong Kong and Macau
“ GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Green Luck”	Green Luck Limited (祥翠有限公司), a company incorporated in Hong Kong with limited liability on April 1, 2012 and indirectly wholly-owned by our Company through Kang Wang
“Green Treasure”	Green Treasure Limited (樂翠有限公司), a company incorporated in Hong Kong with limited liability on June 26, 2012 and indirectly wholly-owned by our Company through Kang Wang
“Green Wave”	Green Wave Limited (綠波有限公司), a company incorporated in Hong Kong with limited liability on January 6, 2006 and indirectly wholly-owned by our Company through Kang Wang
“Group” or “our Group” or “we” or “us”	our Company and subsidiaries (including our Jointly-Controlled Entities) or where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries (including our Jointly-Controlled Entities), such subsidiaries (including our Jointly-Controlled Entities) as if they were subsidiaries (including our Jointly-Controlled Entities) of our Company at the relevant time
“Happy Billions”	Happy Billions Limited (逸億有限公司), a company incorporated in Hong Kong with limited liability on July 18, 2011 and indirectly wholly-owned by our Company through Kang Wang
“Happy Oasis”	Happy Oasis Limited (愉園有限公司), a company incorporated in Hong Kong with limited liability on October 6, 2004 and indirectly wholly-owned by our Company through Kang Wang

DEFINITIONS

“HK\$”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“HK eIPO White Form”	the application of Hong Kong Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form Service provider designated by our Company, as specified on the designated website of the HK eIPO White Form at www.hkeipo.hk
“HKFRS”	Hong Kong Financial Reporting Standards promulgated by HKICPA
“HKICPA”	The Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Public Offering”	the offer of the Hong Kong Public Offer Shares for subscription in Hong Kong at the Offer Price (plus brokerage, Stock Exchange trading fee and SFC transaction levy) on and subject to the terms and conditions described in this prospectus and the Application Forms, as further described in “Structure and Conditions of the Global Offering — Hong Kong Public Offering” in this prospectus
“Hong Kong Public Offer Shares”	the 33,334,000 Shares (subject to adjustment) being initially offered by our Company for subscription pursuant to the Hong Kong Public Offering
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering
“Hong Kong Underwriting Agreement”	the underwriting agreement dated November 13, 2012 and entered into by, among others, our Company, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters relating to the Hong Kong Public Offering
“Independent Third Party(ies)”	person(s) or company(ies) which is/are not connected with any member of our Group, any of our Directors, any chief executives and substantial Shareholders of our Company or any of our subsidiaries and any of their respective associates according to the meaning ascribed to them by the Listing Rules

DEFINITIONS

“International Placing”	the conditional placing by the International Underwriters of the International Placing Shares (a) in the United States to qualified institutional buyers in reliance on Rule 144A or another exemption from the registration requirement under the U.S. Securities Act; and (b) outside the United States in reliance on Regulation S, including to professional and institutional investors in Hong Kong, as further described in “Structure and Conditions of the Global Offering — International Placing” in this prospectus
“International Placing Shares”	the 300,000,000 Shares initially offered by our Company for subscription pursuant to the International Placing, subject to adjustment and the exercise of the Over-allotment Option
“International Underwriters”	the underwriters of the International Placing which are expected to enter into the International Underwriting Agreement
“International Underwriting Agreement”	the underwriting agreement expected to be entered into on or around November 20, 2012 by, among others, our Company, the Sole Global Coordinator and the International Underwriters relating to the International Placing
“Jointly-Controlled Entity(ies)”	joint venture companies which are subject to joint control, resulting in none of the participating parties having unilateral control over their economic activities and, in the context of our Company, refer to Famous Star and Pak Tat
“Joy Express”	Joy Express Limited (駿傑有限公司), a company incorporated in Hong Kong with limited liability on April 3, 1998 and owned as to 40%, 30%, 10%, 10% and 10% by Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung and Mr. YP Cheung, respectively
“Joyhale”	Joyhale Limited (溢欣有限公司), a company incorporated in Hong Kong with limited liability on July 3, 2008 and indirectly wholly-owned by our Company through Kang Wang
“Kang Wang”	Kang Wang Holdings Limited (康旺控股有限公司), a company incorporated in the BVI with limited liability on July 12, 2011 and wholly-owned by our Company
“Kang Wang/Cui Xin Restructuring”	the restructuring undergone by our Group from November 1, 2011 to February 13, 2012, pursuant to which our subsidiaries were consolidated into Kang Wang and Cui Xin. Details regarding the Kang Wang/Cui Xin Restructuring are set out in “History, Development and Reorganization — Our corporate development — Kang Wang/Cui Xin Restructuring” in this prospectus
“Kenglory”	Kenglory Limited (維勤有限公司), a company incorporated in Hong Kong with limited liability on December 5, 1996 and indirectly wholly-owned by our Company through Kang Wang

DEFINITIONS

“Latest Practicable Date”	November 7, 2012, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of our Shares on the Main Board of Stock Exchange
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date, expected to be on or about November 26, 2012, on which the Shares are listed and from which dealings thereon are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Longwin Corporate”	Longwin Corporate Consulting Limited (長和企業顧問有限公司), a company incorporated in Hong Kong with limited liability on June 8, 2012 and indirectly wholly-owned by our Company through Kang Wang
“Macau”	the Macau Special Administrative Region of the PRC
“Macca Investment”	Macca Investment Limited, a company incorporated in the BVI with limited liability on September 26, 2011 and wholly-owned by Mr. Lock
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, as amended from time to time, a summary of which is contained in Appendix III to this prospectus
“mid- to high-end”	when used in the context of the <i>Cha Chaan Teng</i> sector, the mid- to high-end <i>Cha Chaan Teng</i> market segment refers to <i>Cha Chaan Teng</i> restaurants that are delicately decorated, with various dishes offered at affordable prices. The average guest check is above HK\$40 (in Hong Kong) or RMB40 (in the PRC)
“MOFCOM”	the PRC Ministry of Commerce (中華人民共和國商務部), or its predecessor, the Ministry of Foreign Trade and Economic Cooperation, as appropriate to the context
“MOP”	the pataca, the lawful currency of Macau

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“Mr. Chau”	Mr. CHAU Tit Wa, a Shareholder, a legal representative of Shanghai Cai Hua, a legal representative of Shanghai Cui Sheng and an executive director and a legal representative of Wuhan Cai Hua
“Mr. Goh”	Mr. GOH Choo Hwee, an independent non-executive Director
“Mr. Ho”	Mr. HO Ting Chi, a Controlling Shareholder and executive Director
“Mr. Lee”	Mr. LEE Yuen Hong, a Controlling Shareholder, executive Director and the chairman of our Board
“Mr. Lock”	Mr. LOCK Kwok On Anthony, our chief executive officer
“Mr. WK Cheung”	Mr. CHEUNG Wai Keung, a Controlling Shareholder and executive Director
“Mr. Wong”	Mr. WONG Chi Kin, an independent non-executive Director
“Mr. Yim”	Mr. YIM Kwok Man, an independent non-executive Director
“Mr. YP Cheung”	Mr. CHEUNG Yue Pui, a Controlling Shareholder and executive Director
“Mr. YT Cheung”	Mr. CHEUNG Yu To, a Controlling Shareholder and executive Director
“NDRC”	the PRC National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
“New Power Zone”	New Power Zone Limited (新力天有限公司), a company incorporated in Hong Kong with limited liability on April 11, 2012 and indirectly wholly-owned by our Company through Kang Wang
“New Top Star”	New Top Star Limited (新富星有限公司), a company incorporated in Hong Kong with limited liability on April 11, 2012 and indirectly wholly-owned by our Company through Kang Wang
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003%) of not more than HK\$2.27 and expected to be not less than HK\$1.89, which is to be determined by agreement between the Sole Global Coordinator and our Company on or before the Price Determination Date
“Offer Shares”	the Hong Kong Public Offer Shares and the International Placing Shares, including, where relevant, any additional Shares under the Over-allotment Option

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 50,000,000 additional Shares, representing approximately 15% of the initial number of Offer Shares offered under the Global Offering, at the Offer Price to, among other things, cover the over-allocations (if any) in the International Placing, as described in “Structure and Conditions of the Global Offering — Over-allotment Option” in this prospectus
“Pak Tat”	Pak Tat Catering Management Company Limited, a company incorporated in Macau by quotas with limited liability (“ <i>sociedade por quotas</i> ”) on October 30, 2008 and owned as to 70% by our Company indirectly through Popular Green and as to 30% by our joint venture partner. Pak Tat is a Jointly-Controlled Entity
“Pak Tat JV Agreement”	a joint venture agreement dated November 4, 2010 entered into between Popular Green and our joint venture partner, pursuant to which Popular Green and our joint venture partner agreed to incorporate Pak Tat for the joint operation of the Galaxy Macau Tsui Wah restaurant
“Pioneer Ray”	Pioneer Ray Limited (領熙有限公司), a company incorporated in Hong Kong with limited liability on November 23, 2009 and indirectly wholly-owned by our Company through Kang Wang
“Popular Green”	Popular Green Limited, a company incorporated in the BVI with limited liability on December 17, 2009 and indirectly wholly-owned by our Company through Kang Wang
“PRC Company Law”	Company Law of the PRC* (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Government” or “Chinese Government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context require, any of them
“PRC Labor Contract Law”	the PRC Labor Contract Law* (中華人民共和國勞動合同法), which was enacted by the Standing Committee of the National People’s Congress of the PRC on June 29, 2007 and became effective on January 1, 2008
“PRC Legal Advisers”	Commerce & Finance Law Offices, our legal advisers as to PRC law

DEFINITIONS

“Pre-IPO Share Option Scheme”	the pre-listing share option scheme approved and adopted by our Shareholders on November 5, 2012, the principal terms of which are summarized in “E. Share option schemes — Pre-IPO Share Option Scheme” in Appendix IV to this prospectus
“Price Determination Date”	the date, expected to be on or around Tuesday, November 20, 2012 but in any event not later than Friday, November 23, 2012, on which the Offer Price will be determined
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Regulation S”	Regulation S under the US Securities Act
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reorganization”	the reorganization of our Group in preparation for the Listing, details of which are set out in “History, Development and Reorganization — Our corporate development — Reorganization” in this prospectus
“Restructuring Agreement”	the restructuring agreement dated June 21, 2012 entered into among Cui Fa, Victor Leap, Ample Favour, Mr. Chau and Kang Wang, details of which are set out in “History, Development and Reorganization — Our corporate development — Reorganization” in this prospectus
“Richberg”	Richberg Development Limited (智庫發展有限公司), a company incorporated in Hong Kong with limited liability on August 8, 2007 and indirectly wholly-owned by our Company through Kang Wang
“Royal Gold”	Royal Gold International Limited (皇金國際有限公司), a company incorporated in Hong Kong with limited liability on February 1, 2007 and indirectly wholly-owned by our Company through Kang Wang
“Rule 144A”	Rule 144A under the US Securities Act
“SAFE”	State Administration of Foreign Exchange of the PRC* (中華人民共和國國家外匯管理局)
“SAIC”	State Administration for Industry and Commerce of the People’s Republic of China (中華人民共和國國家工商行政管理總局)
“Sale and Purchase Agreement”	the sale and purchase agreement dated June 30, 2012 entered into amongst Cui Fa, Victor Leap, Ample Favour, Macca Investment, Mr. Chau and our Company, details of which are set out in “History, Development and Reorganization — Our corporate development — Reorganization” in this prospectus

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“Senfield”	Senfield Limited (誠發有限公司), a company incorporated in Hong Kong with limited liability on March 16, 1998 and indirectly wholly-owned by our Company through Kang Wang
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Cai Hua”	Shanghai Cai Hua Restaurants Management Company Limited* (上海采華餐飲管理有限公司), a wholly foreign-owned enterprise established in Shanghai with limited liability under the laws of the PRC on April 27, 2009. Shanghai Cai Hua is indirectly wholly-owned by our Company through Cui Xin
“Shanghai Cui Sheng”	Shanghai Cui Sheng Restaurants Company Limited* (上海翠盛餐飲有限公司), a wholly foreign-owned enterprise established in Shanghai with limited liability under the laws of the PRC on September 8, 2010. Shanghai Cui Sheng is indirectly wholly-owned by our Company through Cui Xin
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Shareholders on November 5, 2012, a summary of the principal terms of which are described in “E. Share option schemes — Share Option Scheme” in Appendix IV to this prospectus
“Sky Oasis”	Sky Oasis (HK) Limited (天澤(香港)有限公司), a company incorporated in Hong Kong with limited liability on December 10, 2004 and indirectly wholly-owned by our Company through Kang Wang
“Sole Global Coordinator” or “Sole Bookrunner” or “Sole Lead Manager”	Deutsche Bank AG, Hong Kong Branch, being the sole global coordinator, sole bookrunner and sole lead manager of the Global Offering
“Sole Sponsor”	Deutsche Securities Asia Limited, a licensed corporation registered under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of regulated activities as defined in the SFO, being the sole sponsor to the Global Offering

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“Special Wise”	Special Wise Limited (特維有限公司), a company incorporated in Hong Kong with limited liability on April 23, 2010 and indirectly wholly-owned by our Company through Kang Wang
“Stabilizing Manager”	the Sole Global Coordinator
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Summer Rich”	Summer Rich Limited (夏富有限公司), a company incorporated in Hong Kong with limited liability on June 14, 2011 and indirectly wholly-owned by our Company through Kang Wang
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, the names of whom are set out in “Substantial Shareholders” in this prospectus
“TW Catering”	Tsui Wah Catering Limited (翠華飲食有限公司), a company incorporated in Hong Kong with limited liability on October 21, 1998 and indirectly wholly-owned by our Company through Kang Wang
“TW Catering Management”	Tsui Wah Catering Management Limited (翠華餐飲管理有限公司), formerly known as Tsui Wah Group Holdings Limited (翠華集團控股有限公司), a company incorporated in Hong Kong with limited liability on December 29, 2006 and indirectly wholly-owned by our Company through Cui Xin
“TW Efford”	Tsui Wah Efford Management Limited (翠華怡富管理有限公司), formerly known as Efford Properties Limited (怡富置業有限公司), a company incorporated in Hong Kong with limited liability on March 20, 1998 and indirectly wholly-owned by our Company through Kang Wang
“TW Patent”	Tsui Wah International Patent Limited, a company incorporated in the BVI with limited liability on February 3, 2010 and indirectly wholly-owned by our Company through Kang Wang
“TW Restaurant Holding”	Tsui Wah Restaurant (Holding) Limited (翠華餐廳(集團)有限公司), formerly known as Well Course Corporation Limited (威業行有限公司), a company incorporated in Hong Kong with limited liability on August 12, 1993 and indirectly wholly-owned by our Company through Kang Wang
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Repurchases, as approved by the SFC and as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Track Record Period”	the period comprising the three financial years of our Group ended March 31, 2012 and the three months ended June 30, 2012
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “US” or “USA”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US Securities Act”	the United Securities Act of 1933, as amended, and the rules and regulations as promulgated thereunder
“USD”, “US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“Victor Leap”	Victor Leap Limited (騰勝有限公司), a company incorporated in the BVI on September 12, 2011 and wholly-owned by Mr. YP Cheung. Victor Leap is a Controlling Shareholder
“Win Idea”	Win Idea Investments Limited (同合投資有限公司), a company incorporated in Hong Kong with limited liability on July 25, 1989 and owned as to approximately 99.23% indirectly by our Company through Kang Wang and as to approximately 0.77% by the estate of Mr. Lee Sair Lit (李社烈 (deceased))
“Wuhan Cai Hua”	Wuhan Cai Hua Restaurants Management Company Limited* (武漢采華餐飲管理有限公司), a limited liability company established under the laws of the PRC on April 25, 2012. Wuhan Cai Hua is indirectly wholly-owned by our Company through Shanghai Cai Hua
“%”	per cent

Notes:

- (1) If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including our subsidiaries) as marked with “*” in this prospectus and for which no official English translation exists are unofficial translations for your reference only.
- (2) Unless expressly stated or otherwise required by the context, all data contained in this prospectus are as at the Latest Practicable Date.
- (3) Unless otherwise specified, all references to any shareholding in our Company in this prospectus assume no exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme.
- (4) Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts may not be an arithmetic aggregation of the figures preceding them.
- (5) In this prospectus, unless otherwise specified, amounts denominated in US\$ have been translated into HK\$, and vice versa, at an exchange rate of US\$1.00 = HK\$7.7572, in each case for illustrative purpose only. Such conversions shall not be constructed as representations that amounts in HK\$ or US\$ were or could have been or could be converted into HK\$ or US\$ (as the case may be) at such rates or any other exchange rates on such date or any other date.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. Forward-looking statements can be identified by words such as “may”, “will”, “should”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “continue”, “seek”, “estimate” or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our projections, business strategies and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Since forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those indicated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against placing undue reliance on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, regional, national or global political economic, business, competitive, market and regulatory conditions and the following:

- the success of our existing restaurants and restaurants to be opened;
- our ability to effectively manage our planned expansion;
- our ability to retain senior management team members and recruit qualified and experienced new team members;
- our ability to maintain an effective quality control system;
- our ability to manage our purchase costs for food ingredients, property rentals and related expenses and staff costs;
- laws, regulations and rules for the restaurant industry in force in Hong Kong and the PRC;
- future development, trends and conditions in the restaurant industry in Hong Kong and the PRC;
- our prospective financial conditions; and
- other factors that are described in “Risk Factors” in this prospectus.

Any forward-looking statement made by us in this prospectus speaks only as at the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

RESPONSIBILITY STATEMENTS

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION AND PRESENTATION

We have not authorized anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorized by us, the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor, the Underwriters and any of our or their respective directors, officers or representatives or any other person involved in the Global Offering (the "Relevant Parties"). No representation is made that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, or dealings in the Shares. No responsibility is accepted by us or by any of the Relevant Parties for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

MARKET SHARE DATA CONVERSION

The statistical and market share information contained in this prospectus has been derived from official government publications and other sources, including the Frost & Sullivan Report. Unless otherwise indicated, the information has not been independently verified by us. This statistical information may not be consistent with other statistical information from other sources within or outside Hong Kong. While reasonable caution has been made in the process of reproducing the data and statistics extracted from such official government publications or other sources, the Sole Sponsor and our Company, or any of their directors, employees, agents, and representatives make no representation to the appropriateness, accuracy, completeness or reliability of any such statistical and market share information.

RISK FACTORS

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 and the PRC, 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

If our expansion plan proves to be unsuccessful, or if we fail to obtain sufficient funding for our expansion plans, our business and growth prospects may be adversely affected.

For the three years ending March 31, 2013, 2014, and 2015, respectively, we expect our Group will require approximately HK\$95.7 million, HK\$232.0 million and HK\$214.0 million in capital expenditures for our expansion plan in Hong Kong and the PRC. We account for our pre-operating expenses of our new restaurants, central kitchens and delivery centers and catering services as expenses in our consolidated income statements. Accordingly, in the event that our expansion plan proves to be unsuccessful, our overall cash flow position, as well as our profitability, may be materially and adversely affected. We believe that our current cash and cash equivalents, anticipated cash flow from operations and the proceeds from this Global Offering will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months from the date of this prospectus. We may, however, require additional cash resources to finance our continued growth or other future 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, investments in new restaurants and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing by selling additional equity or debt securities or obtaining a credit facility. The sale of additional equity securities could result in dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our expansion plans and operations or our ability to pay dividends. If we fail to service the debt obligations or are unable to comply with any debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be materially and adversely affected.

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

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

We plan to open new restaurants in certain regions in the PRC where we have little or no operating experience, including Shanghai, Shenzhen and Guangzhou. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, we owned and operated one, two, two and four restaurants in the PRC and revenue from our

RISK FACTORS

restaurant operations, revenues from our restaurants located in the PRC amounted to 8.0%, 9.6%, 10.6% and 14.5% of our total revenue during the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. The markets in the PRC which we target may have different business environments, competitive conditions, consumer preferences and discretionary spending patterns from our existing markets. As a result, any new restaurants we open in those markets may be less successful than restaurants in our existing markets. Consumers in the new markets may not be familiar with our brand and we may need to build brand awareness in such markets through greater investments in advertising and promotional activities than we originally planned. We may find it more difficult in new markets to hire, train and retain qualified employees who share our business philosophy and culture. Restaurants opened in new markets may also have lower average sales or higher construction, occupancy or operating costs than restaurants in existing markets. In addition, we may have difficulty in finding reliable suppliers or distributors with adequate supplies of ingredients meeting our quality standards in the new markets. Sales at restaurants opened in new markets may take longer than expected to ramp up and reach, or may never reach, expected sales and profit levels, thereby affecting our overall profitability.

In addition, we cannot assure you that our menu and style of dining will suit the popular tastes and demands of customers in China. Although we develop some of the dishes at our restaurants in China locally to meet local demand and taste, we cannot assure you that we can correctly anticipate or understand customer preferences in China. If we are unable to identify customer preferences in China and develop and offer menu items accordingly, sales at our restaurants in China may be adversely affected.

Furthermore, we have managed to maximize the retail space in our existing restaurants in Hong Kong by relying on the provision of fully and partially prepared foods by our central kitchen. There is no assurance that we can replicate this model in the PRC due to a variety of factors, including the number of restaurants which can be opened within a reasonable distance, the scale of each restaurant and the availability of suitable production space for a central kitchen. Any inability to replicate or successfully adapt our business model to local conditions may affect the profitability of these restaurants. Any inability to execute our expansion plans for the PRC market could adversely affect our business, growth, financial condition and results of operations.

Our new multi-channel business strategies in Hong Kong, including establishment of delivery centers and expansion into catering services, may not achieve desirable results.

In respect of our operations in Hong Kong, we intend to broaden our customer base and penetrate further into the Hong Kong market by pursuing a multi-channel business strategy. As part of our multi-channel business strategy, we intend to establish delivery centers and expand into catering services. Pursuing any of these strategies involves inherent business risks, such as making incorrect judgments or assumptions as to customer acceptance of any of these strategies. We have limited experience in operating delivery centers on any significant scale. In addition, we have no prior experience in providing catering services. We commenced this new catering service under a new brand, "Supreme Catering", in October 2012. For this new brand, we need to identify and respond to different competitive conditions, consumer preferences and discretionary spending patterns. In addition, we may need to make additional investments to build brand awareness among our target customers. There is no assurance that we will be successful in implementing any of these strategies. In the event that any of these strategies proves to be unsuccessful, our overall profitability may be materially and adversely affected.

RISK FACTORS

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

Our profitability depends significantly on our ability to anticipate and react to changes in purchase costs of food ingredients. Food costs, as represented by our cost of inventories sold, accounted for 30.4%, 30.6%, 31.0% and 30.9% of our revenues for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

The availability (in terms of type, variety and quality) and prices of food supplies can fluctuate and be volatile and are subject to factors beyond our control, including seasonal fluctuations, climate conditions, natural disasters, general economic conditions, global demand, governmental regulations, exchange rates and availability, each of which may affect our food costs or cause a disruption in our supply. Our suppliers may also be affected by higher costs to produce the goods and services supplied to us, rising labor costs and other expenses that they pass through to their customers, which could result in higher costs for goods and services supplied to us.

We purchase a portion of our raw materials and food ingredients from our suppliers in the PRC and a portion of our raw materials and food ingredients from importers in Hong Kong who in turn source the raw material and food ingredients from various overseas countries, including Europe and the United States. Food prices worldwide have been generally increasing during the Track Record Period. In addition, any appreciation of foreign currencies in these countries against the Hong Kong dollar will increase the price of our raw materials and food ingredients in Hong Kong dollars.

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

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

The ability to source quality food ingredients at competitive prices in a timely manner is crucial to our business. Our ability to maintain consistent quality and maintain our menu offerings throughout our restaurants depends in part upon our ability to acquire fresh food products and related supplies from reliable sources that meet our quality specifications and in sufficient quantities. However, we do not enter into framework agreements with our suppliers. The purchase prices with suppliers for our food ingredients and raw materials are typically set at a fixed price by way of purchase orders. For the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, the total purchases from our five largest suppliers in aggregate accounted for 30.2%, 27.0%, 23.9% and 21.8%, respectively, and our purchases from our largest supplier accounted for 9.0%, 8.1%, 5.7% and 4.7%, respectively, of our total purchases. During the Track Record Period, none of our key suppliers ceased or indicated that it would cease supply of food ingredients to us, and we did not experience any material delays or interruptions in securing the supply of food ingredients from our key suppliers. However, there can be no assurance that we will be able to maintain business relationships with our key suppliers.

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A disruption of our food supplies can occur for a variety of reasons, many of which are beyond our control, including unanticipated demand, adverse weather conditions, natural disasters, diseases, a supplier ceasing operations or unexpected production shortages. Moreover, there is no assurance that our current supplies may always be able to meet our stringent quality control requirements in the future. If any of our suppliers do not perform adequately or otherwise fail to distribute products or supplies to us in a timely manner, we cannot assure you that we will be able to find suitable replacement suppliers in a short period of time on acceptable terms, and our failure to do so could increase our food costs and could cause shortages of food and other supplies at our restaurants that may cause us to remove certain items from the menus of one or more restaurants. Any significant changes to our menus for a prolonged period of time could result in a significant reduction in revenue during the time affected by the shortage and thereafter as our guests may change their dining habits as a result.

As we lease all of the properties on which our restaurants operate, we are exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

We lease all the properties on which our restaurants operate. Accordingly, occupancy costs account for a significant portion of our operating expenses. For the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our property rentals and related expenses for our restaurants and central kitchen (excluding our headquarter) amounted to HK\$45.6 million, HK\$74.1 million, HK\$95.0 million and HK\$30.2 million, respectively, representing 10.4%, 12.4%, 12.4% and 13.5% of our revenue from restaurant operations during the respective periods. Our Directors believe that, generally, rental costs for premises that are suitable for restaurant businesses in Hong Kong will continue to increase. Our substantial operating lease obligations expose us to potentially significant risks, including increasing our vulnerability to adverse economic conditions, limiting our ability to obtain additional financing and reducing our cash available for other purposes.

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

We compete with other retailers and restaurants for prime locations in highly competitive markets for retail premises. There is no assurance that we will be able to enter into new lease agreements for prime locations or renew existing lease agreements on commercially reasonable terms, if at all.

Our lease agreements for our restaurant sites typically have an initial term ranging from two to ten years and some contain an option for us to renew for an additional term. Many of our lease agreements provide that the rent will increase within the initial term or after the initial term at a fixed rate or at the then prevailing market rate. In addition, several of our leases require us to pay an additional contingent rent, determined as a percentage of sales, as specified by the terms of the applicable lease agreement. Where we do not have an option to renew a lease agreement, we must negotiate the terms of renewal with the lessor, which may insist on a significant modification to the terms and conditions of the lease agreement. If a lease agreement is renewed at a rate substantially higher than the existing rate or other existing favorable terms granted by the lessor, if any, are not extended, we must evaluate whether renewal on such modified terms is in our business interest. If we are unable to renew leases for our restaurant sites, we will have to close or relocate the relevant restaurant, which would eliminate the sales that the restaurant would have contributed to our revenues during the period of closure, and could subject us to construction and other costs and risks. In addition, the revenue and any profit generated at a relocated restaurant may be less than the revenue and profit previously

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generated at the closed restaurant. Therefore, any inability to obtain leases for desirable restaurant locations or renew existing leases on commercially terms could have a material adverse effect on our business and results of operations.

If the sites on which we choose to establish our restaurants do not meet our expectations or the demographics or other characteristics of the area surrounding the sites we choose change in an adverse manner, we may be obligated to continue to pay rent even if we choose to cease operations at such sites.

There can be no assurance that the sites of our existing restaurants will meet our expectations or that the neighbourhood characteristics or demographics of the areas surrounding our restaurant sites will not deteriorate or otherwise change in the future, resulting in reduced sales at these sites. For example, construction or renovation works in surrounding areas may adversely affect the accessibility of our restaurants or reduce the pedestrian or vehicle flow in the area, resulting in reduced guest traffic at our restaurants. In these circumstances, we may wish to relocate or cease operations. However, because most of our lease agreements are fixed term leases, we would be obligated to continue to make rental payments for the duration of the lease at the relevant restaurants. In such circumstances, our business and results of operations may be materially and adversely affected.

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

The salary level of employees in the restaurant industry in Hong Kong has been increasing in recent years. For the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our staff costs amounted to HK\$121.8 million, HK\$162.8 million, HK\$197.5 million and HK\$63.5 million, respectively, representing 27.7%, 27.2%, 25.9% and 28.4% of our revenue during the respective periods. Our operations in Hong Kong are required to comply with the statutory minimum wage requirements, which came into force on May 1, 2011. The initial statutory minimum wage rate is HK\$28 per hour. As at the Latest Practicable Date, the Hong Kong Minimum Wage Commission has conducted the first review of the statutory minimum wage rate and has proposed an increase of the statutory minimum wage rate from HK\$28 per hour to HK\$30 per hour. If accepted and implemented by the government of Hong Kong, the statutory minimum wage rate in Hong Kong will increase to HK\$30 per hour. Our staff costs may increase as a result of the proposed increase of the statutory minimum wage rate in Hong Kong. Increased statutory minimum wage rate may increase competition for qualified employees, which may indirectly result in further increase in the salaries of our employees. We may not be able to increase our prices enough to pass these increased staff costs onto our customers, in which case our business and results of operations would be materially and adversely affected.

We are required to comply with certain orders issued by the Building Authority and may be subject to additional fines and penalties due to non-compliance with the Buildings Ordinance.

As at the Latest Practicable Date, there were eight unreleased building orders issued by the Building Authority against our Group pursuant to section 24 of the Buildings Ordinance in relation to signboards erected on our restaurant premises (the "Building Orders"). According to the Building Orders, these signboards, each showing information relating to our restaurants such as our names and logo, were erected without having first obtained from the Building Authority the approval of building plans and commencement of such building works as required by section 14 of the Buildings Ordinance. Our Group was required to carry out rectification works in relation to these eight signboards in accordance with the plans approved by the Building Authority (the "Rectifying Works").

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Save as disclosed in the above paragraphs, there were no other outstanding building orders served on our Group during the Track Record Period and up to the Latest Practicable Date. More details in relation to the building orders are set out in “Business — Non-compliance of our Group during the Track Record Period — Building Orders-related Non-compliance Matters” in this prospectus.

Pending completion of the remedial actions by our Group in consultation with the Building Authority and the release of the building orders, our Group may nevertheless be subject to fixed and daily fines imposed by the Building Authority under the Building Ordinance and reimbursement of costs for any rectification work undertaken by the Building Authority and the directors and management of the relevant subsidiaries may be subject to imprisonment. Pursuant to section 40(1BA) of the Buildings Ordinance, our Group could be found guilty of an offense and be held liable on conviction: (a) for a fine of HK\$200,000 and imprisonment for one year; and (b) for a fine of HK\$20,000 for each day during which it is proved to the satisfaction of the court that the offense has continued should it, without reasonable excuse, fail to comply with the aforesaid building orders served on it.

If our Group is found guilty and liable on conviction, our Directors and/or other management found to be in actual control of its operations may be held liable. Our Directors are unable to ascertain the exact amount of fines that may be imposed on our Group as the amount of fine varies from case to case. If the fines are substantial or if any Director or management is liable to the criminal offense, the financial or operation of the Group may be adversely affected.

There can be no assurance that all of our restaurants will be deemed to have building works carried out with prior the approval and consent for the commencement of such building works from the Buildings Authority as required by section 14 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong). In the event that our Group is required to remove any unauthorized building works or there are other building order non-compliances that affect the Group’s operation, our Group will comply with such request and any loss of business due to the renovation may affect the Group’s profitability. Any suspension of business operations may have a material adverse effect on the Group’s performance. For further details in relation to the Building Orders, see “Business — Non-compliance of our Group during the Track Record Period — Building Orders-related Non-compliance Matters” in this prospectus.

Our Directors are aware that there are a number of building notices and building orders issued under section 24 of the Buildings Ordinance against other third parties, including landlords of the premises of our restaurants, which are not members of our Group.

Where such building notices and/or building orders are served on the relevant landlord(s), under the tenancy agreement(s) entered into between our Group and the relevant landlord(s), our Group may be required to indemnify the relevant landlord(s) where he/she/it is being prosecuted, to the extent that the concerned building structures were erected on the relevant premises by us.

Our Directors confirm that amongst the building notices and building orders served on the relevant landlords in relation to the premises where our restaurants are located at, some of them are related to building structures erected by us. The concerned building structures are generally minor building works. As at the Latest Practicable Date, to the best of our Directors’ knowledge, none of the relevant landlords had effected the relevant provision in the tenancy agreement(s) to seek indemnity against our Group. In the event that the relevant landlords are being prosecuted for such building works and our Group is required to indemnify against any of the relevant landlord(s), our profit may be adversely affected.

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The Controlling Shareholders have entered into the Deed of Indemnity in favour of the Company to indemnify the Group from and against, among other things, losses, liabilities, damages, costs, claim and expenses incurred by our Group in relation to the building orders served on our Group in relation to our signboards and other building orders and building notices served on third parties in relation to the premises where our restaurants are located at. See Appendix IV to this Prospectus.

We have previous incidents of non-compliance with the Companies Ordinance.

Some of our subsidiaries incorporated in Hong Kong have on various occasions not fully complied with certain statutory requirements in the Companies Ordinance with respect to matters such as timely adoption of audited accounts. See “Business — Non-compliance of our Group during the Track Record Period — Accounts-related Non-compliance Matters”.

Our Controlling Shareholders have agreed to indemnify us in respect of any liability which might be payable by any member of our Group arising from any possible or alleged violation or non-compliance with any Hong Kong laws or regulations on all matters, including the relevant non-compliance with the Companies Ordinance, arising prior to the date on which the Global Offering becomes unconditional.

If the Hong Kong Companies Registry takes any action against the relevant subsidiaries in our Group, including the assessment of fines or other penalties, our reputation, cash flow and results of operation may be adversely affected.

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

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



Being in the food and beverage industry, we face an inherent risk of food contamination and liability claims. Our food quality depends partly on the quality of the food ingredients and raw materials provided by our suppliers and we may not be able to detect all defects in our supplies. In addition, for the year ended March 31, 2012, approximately 50% of the semi-processed or processed food ingredients used in our Tsui Wah restaurants were initially delivered to and handled by our central kitchen. Any food contamination occurring at our central kitchen or during the transportation from our central kitchen to our restaurants that we fail to detect or prevent could adversely affect the quality of the food served in our restaurants. Due to the scale of our operations, we also face the risk that certain of our employees may not adhere to our mandated procedures and requirements. Any failure to detect defective food supplies, or observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of the food we offer inside or outside our restaurants, which could lead to liability claims, complaints and related adverse publicity, reduced customer traffic at our restaurants, the imposition against us of penalties by relevant authorities and compensation awards by courts. During the Track Record Period and up to the Latest Practicable Date, we had three isolated incidents of non-compliance relating to food and health-related matters for which we were fined for an aggregate amount of approximately HK\$6,000. For further details of these incidents, see “Business — Non-compliance of our Group during the Track Record Period — Food and Health-related Non-compliance Matters” of this prospectus. We cannot assure you that we will not receive any food contamination claims in the future. Any such incidents could materially harm our reputation, results of operations and financial condition.

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Any failure to maintain effective quality control systems of our restaurants could have a material adverse effect on our business and operations.

The quality of the food we serve is critical to our success. Maintaining consistent food quality depends significantly on the effectiveness of our quality control systems, which in turn depends on a number of factors, including the design of our Group's quality control systems and our ability to ensure that our employees adhere to those quality control policies and guidelines. Our quality control systems consist of (i) supply chain quality control, (ii) central kitchen quality control, (iii) logistics quality control and (iv) restaurant quality control. For more details on our quality control systems, see "Business — Quality Control" in this prospectus. However, there is no assurance that our quality control systems will prove to be effective. Any significant failure or deterioration of our Group's quality control systems could have a material adverse effect on our reputation, results of operations and financial condition.

Our business depends significantly on the market recognition of our brands, and any damage to our brand could materially and adversely impact our business and results of operations.

We believe our success depends substantially on the popularity of our brand and our reputation for consistent, high-quality products. As at the Latest Practicable Date, we operate our restaurant business under our  翠華餐廳 "Tsui Wah (翠華)" brand. We have invested significant effort and financial resources to establish brand recognition. Our  翠華餐廳 "Tsui Wah (翠華)" brand has been awarded (i) the "2011–2012 China's Top Ten Chain Restaurant Brand (2011–2012年度中國十大馳名餐飲連鎖品牌)" by the China Hotel Leader Summit Committee (中國飯店業年會組委會) and (ii) the permanent Honourable Gold Award of the "PRC Consumer's Most Favorable Hong Kong Brand (全國消費者最喜愛《香港名牌》— 永久性榮譽金獎單位) in 2009", by the China Enterprise Reputation and Credibility Association (Overseas) Limited (中華海外企業信譽協會), and has received other awards and recognitions. We believe that our continued success will depend in large part 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. As we continue to grow in size, expand our food offerings and services and extend our geographic reach, maintaining quality and consistency may become more difficult and we cannot assure you that customer confidence in our brands will not diminish. If consumers perceive or experience a reduction in food quality, service, ambiance or believe in any way that we are failing to deliver a consistently positive experience, our brand value could suffer, which could have a material adverse effect on our business.

Our self-developed dishes may face competition from competitors' imitation dishes.

Competition in the *Cha Chaan Teng* (茶餐廳) industry is intense. One way we compete is to regularly review and adjust our menu offerings and develop new dishes to cater to ever-evolving customer tastes. We constantly launch new or modified dishes in our restaurants, some of which we market as signature dishes. Given the flexibility in our menu offerings, we believe we often come up with innovative dishes ahead of our competitors. Our self-developed dishes are not protected by any registered intellectual property, nor is such practice customary in our industry. We are subject to the risk that our competitors may imitate or develop more popular versions of our self-developed dishes and offer them at highly competitive prices. Our sales and profitability may be adversely affected by these imitation products and price competition.

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

A multi-location restaurant business such as ours can be adversely affected by negative publicity or news reports, whether accurate or not, regarding food quality issues, public health concerns, illness, safety, injury or government or industry findings concerning our restaurants, restaurants operated by other food service providers or others across the food industry supply chain. Any such negative publicity could materially harm our business and results of operations and result in damage to our brands.

During the Track Record Period, we recorded in aggregate approximately 200 customer suggestions and complaints per year for each of the three years ended March 31, 2010, 2011 and 2012, respectively, and approximately 50 customer suggestions and complaints for the three months ended June 30, 2012, with respect to our restaurant operations in Hong Kong, the PRC and Macau, based on our internal records. The suggestions and complaints generally related to the taste and style of particular dishes and customer service quality of our restaurant staff. We are not aware of any customer complaint seeking material compensation that could have material adverse effect on our business and results of operations during the Track Record Period and up to the Latest Practicable Date. We prioritize customer satisfaction and have implemented procedures designed to try to reduce customer complaints to the extent reasonably possible. Upon receiving a complaint, we will immediately offer a remedial proposal and properly record the complaint. We review internal records of complaints on a regular basis, provide suitable employee training based on these records and consider ways to improve our operations. Nevertheless, we cannot assure you that we can successfully prevent all customer complaints in the future.

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

Because we generate a majority of our revenues in Hong Kong, we are susceptible to developments in Hong Kong.

Revenue generated from our Hong Kong restaurants amounted to HK\$400.5 million, HK\$535.0 million, HK\$667.4 million and HK\$186.5 million for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively, representing 91.0%, 89.5%, 87.5% and 83.4% of our total revenue, respectively. We anticipate that our restaurant business in Hong Kong will continue to be our core business following the completion of the Global Offering. If Hong Kong experiences any adverse economic conditions due to events beyond our control, such as a local economic downturn, natural disasters, contagious disease outbreaks or terrorist attacks, or if the local authorities adopt regulations that place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected. In addition, we have limited experience in operating businesses in other places, and may have difficulties in relocating our business to other geographic markets. Therefore, if there is any deterioration in the economic, political and regulatory environment in Hong Kong, our business may be materially and adversely affected.

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Because we rely on our central kitchen to supply a majority of our semi-processed or processed food ingredients used in our restaurants, any disruption of operation at our central kitchen could adversely affect our business and operations.

For the year ended March 31, 2012, approximately 50% of the semi-processed or processed food ingredients used in our Tsui Wah restaurants were first processed at our central kitchen located in Hong Kong before delivery to our restaurants. Some of these semi-processed or processed food ingredients are food ingredients for our signature dishes. Any disruption of operations at our central kitchen, such as electricity or water suspensions, whether due to natural disasters or otherwise, may result in our failure to distribute food ingredients to our restaurants in a timely manner, or at all, which may cause our restaurants to suspend or remove popular items or signature dishes from their menus, whether temporarily or on a permanent basis. If we remove popular items or signature dishes from our restaurant offerings, we may experience a significant reduction in revenue and our brand value may suffer, resulting in a material adverse effect on our business and results of operations.

In respect of our Hong Kong operations, we intend to establish a second central kitchen in Hong Kong to support our planned expansion in Hong Kong. We anticipate our second central kitchen will be between 30,000 square feet and 40,000 square feet and will become operational in 2013. We are in the process of identifying a suitable location and property to establish our second central kitchen. In respect of our PRC operations, we expect our first central kitchen in Shanghai will become operational in the year ending March 31, 2014. Any failure or delay in locating suitable property for our new central kitchens, or any disruptions in the construction of our new central kitchens, could increase the burden on our existing central kitchen and delay our expansion plans, thereby adversely affecting our growth.

Our financial results depend on the success of our existing and new restaurants.

Our financial results depend on our ability to increase sales and efficiently manage costs in our existing and new restaurants. In particular, the success of our restaurants depends principally on our ability to increase guest traffic and the average spending per invoice. Significant factors that might adversely impact our guest traffic levels and the average spending per invoice include, without limitation:

- increased competition in the restaurant industry;
- changes in consumer preferences;
- declining economic conditions that may adversely affect discretionary consumer spending in the markets we serve;
- guest budgeting constraints and choosing not to order high margin items such as beverages;
- customer sensitivity to our menu price increases;
- our reputation and consumer perception of our brand and our offerings in terms of quality, price, value and service; and
- guest experiences from dining in our restaurants.

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The profitability of our restaurants is also subject to cost increases that are either wholly or partially beyond our control, including, without limitation:

- occupancy costs under leases for our existing and new restaurants;
- food and other raw material costs;
- labor costs;
- energy, water and other utility costs;
- insurance costs;
- information technology and other logistical costs;
- costs associated with any material interruptions in our supply chain; and
- compliance costs relating to any changes in government regulation.

The failure of our existing or new restaurants to perform as expected could have a significant negative impact on our financial condition and results of operations.

Our future growth depends on our ability to open and profitably operate new restaurants.

We operated 26 restaurants⁽¹⁾ as at the Latest Practicable Date. Our future growth depends on our ability to open and profitably operate new restaurants. We opened one, five and four⁽²⁾ new restaurants in each of the three years ended March 31, 2010, 2011 and 2012, respectively, and plan to open ten, 12 and 15 new restaurants in the years ending March 31, 2013, 2014 and 2015, respectively. The number and timing of new restaurants actually opened during any given period, and their associated contribution to our growth, are subject to a number of risks and uncertainties, including but not limited to our ability to:

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

⁽¹⁾ Includes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

⁽²⁾ Includes one restaurant in Macau owned by one of our Jointly-Controlled Entities.

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We may not be able to open our planned new restaurants on a timely basis, if at all, and if opened, these restaurants may not be operated profitably. We have experienced and may continue to experience delays in restaurant openings. Opening new restaurants may place substantial strain on the managerial, operational and financial resources of our Group. We may not be able to attract enough guests to our new restaurants because potential guests may be unaware of or unfamiliar with the new restaurants or the menus of our new restaurants might not appeal to them. If we are unable to overcome the costs associated with opening new restaurant locations and building a satisfactory new customer base for our new restaurants, the operating results generated at the new restaurants may not be comparable to the operating results generated at any of our existing restaurants. The new restaurants may even operate at a loss, which could have a significant adverse effect on our overall operating results.

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

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

We currently plan to open ten new restaurants in the year ending March 31, 2013 (including four restaurants already opened during the fiscal year as at the Latest Practicable Date), and 12 and 15 new restaurants in the two years ending March 31, 2015, respectively. Of these planned new restaurants, five, four and four are expected to be opened in Hong Kong in the three years ending March 31, 2013, 2014 and 2015, respectively, with the aim of increasing our penetration of the existing market in Hong Kong. We carefully consider any likely impact on our existing restaurants when we evaluate each new restaurant site and seek to balance any potential impact on our existing restaurants with the new restaurant's ability to attract more customers from competitors. We do not intend to open new restaurants that materially impact the sales or guest traffic of our existing restaurants. However, there can be no assurance that customer diversion among our existing and new restaurants will not occur or become more significant in the future as we continue to expand our operations, which could have a material adverse effect on sales at our existing restaurants and our overall profitability.

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

Our operating results have been, and in the future may continue to be, significantly influenced by the timing of opening of new restaurants (often affected by factors beyond our control), including initially lower sales and higher operating costs, as well as changes in our geographic distribution due to the opening of new restaurants. New restaurants also incur expenses before opening such as rental expenses. We opened 12 new restaurants⁽¹⁾ during the Track Record Period. As at the Latest Practicable Date, nine of these 12 restaurants have achieved breakeven, which we consider to be the point at which the monthly revenue is at least equal to the monthly expenses⁽²⁾ of a restaurant. On average, these nine new restaurants⁽³⁾ require approximately one to two months to breakeven. The other three new restaurants have not yet achieved breakeven. As at the Latest Practicable Date, six of the 12 new restaurants

⁽¹⁾ Excludes one restaurant in Macau owned by one of our Jointly-Controlled Entities.

⁽²⁾ Monthly expenses include all cash and non-cash operating expenses, namely, cost of inventories sold, staff costs, depreciation, property rentals and related expenses, fuel and utility expenses, advertising and marketing expenses and other operating expenses.

⁽³⁾ Among these nine restaurants, one was opened during the year ended March 31, 2010, five were opened during the year ended March 31, 2011, one was opened during the year ended March 31, 2012 and two were opened during the three months ended June 30, 2012.

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opened during the Track Record Period have reached the investment payback point, which we consider the amount of time it takes for the accumulated net profit from a restaurant to cover the costs of opening and operating the restaurant up to that point, including incurred capital expenditures and ongoing cash and non-cash operating expenses. The average investment payback period for these six new restaurants opened during the Track Record Period that have reached such point⁽¹⁾ is approximately 12 months. The other six restaurants opened during the Track Record Period have not yet achieved investment payback. Our progress in opening new restaurants from period to period may also occur at an uneven rate. Accordingly, the number and timing of new restaurant openings has had, and may continue to have, a meaningful impact on our profitability. As a result, our results of operations may fluctuate significantly from period to period and comparison of different periods may not be meaningful. Our results for a given fiscal period are not necessarily indicative of results to be expected for any other fiscal period.

Our leased premises in the PRC are subject to certain specific risks.

As at the Latest Practicable Date, the lease agreements of all of our leased properties in the PRC had not been registered with the appropriate government authorities. Our PRC legal adviser has advised us that depending on the applicable PRC laws and regulations, the lessor, or both the lessor and lessee, are under an obligation to register and file an executed lease agreement with the appropriate land and real estate administration bureau. We have requested the lessors of the relevant properties to complete, or to cooperate with us to complete, the registration and filing procedures in a timely manner, but we are unable to control whether and when such lessors will do so. As at the Latest Practicable Date, the relevant lessors had not provided the relevant documents for registration purpose. We cannot assure you that our Group will not be subject to any penalty in relation to such failure to register the lease agreements with the relevant land and real estate administration bureau. As at the Latest Practicable Date, the operations of the restaurants located at the aforesaid properties had not been disrupted due to the non-registration of our lease agreements. However, we also cannot assure you that we will not encounter similar problems in the future with respect to restaurant premises in PRC.

As at the Latest Practicable Date, with respect to four of our leased properties in the PRC, the relevant lessors had not provided us with the relevant title ownership certificates or the land use right certificates, or both, evidencing their rights to lease the properties to us. As advised by our PRC legal adviser, if the lessors of the relevant leased properties do not have the requisite rights to lease out the relevant leased properties, the relevant lease agreements may be deemed invalid, and, as a result, we may be required to move our operations from the relevant leased properties and to relocate our restaurants. We cannot assure you that we will not be subject to business disruptions and losses in the future if we are required to move our operations from the relevant leased properties, and our business and results of operations could be adversely affected.




As at the Latest Practicable Date, two of our leased properties in the PRC is located in a temporary building. As advised by our PRC legal adviser, under PRC laws, the use of temporary buildings shall not exceed a term of two years. If an extension beyond the two years is desired, an application may be made prior to the expiration of the two-year period. Without an extension, temporary buildings may be demolished. At present, the temporary building has been used for longer than two years. No application for an extension has been applied for with the appropriate authorities. We cannot assure you that we will not be subject to any loss in the future if the temporary building is demolished, and our business and results of operations could be adversely affected.

⁽¹⁾ These six restaurants were opened during the two years ended March 31, 2010 and 2011.

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The aggregate percentage of our Group's revenue attributable to the relevant restaurants in the PRC amounted to 8.0%, 9.6%, 10.6% and 14.5% for the three years ended March 31, 2012 and the three months ended June 30, 2012, respectively and the aggregate percentage of our Group's profit after tax attributable to these restaurants amounted to 5.9%, 11.7%, 10.0% and 14.4% for the three years ended March 31, 2012 and the three months ended June 30, 2012, respectively.

Our Macau operations subject us to certain specific risks.

We currently operate one restaurant in Macau located in the casino area within the premises of the Galaxy Macau Resort & Hotel under a joint venture arrangement with our joint venture partner. Under such arrangement, we are prohibited from opening another Hong Kong style café under the  翠華餐廳 “Tsui Wah (翠華)” brand in any other casino(s) or hotel(s) in Macau prior to May 2022. Other than casino(s) or hotel(s) in Macau, we are also generally prohibited to open another Hong Kong style café under the  翠華餐廳 “Tsui Wah (翠華)” brand in any other parts of Macau prior to November 2013. For the period between November 2013 and up to May 2022, prior written consent of the other joint venture party shall be obtained if another Hong Kong style café under the  翠華餐廳 “Tsui Wah (翠華)” brand is to be opened in any other parts of Macau. Currently, we do not have any expansion plans in Macau. Should our management decide to expand further in any other parts of Macau from November 2013 to May 2022, we cannot assure you that we will be able to obtain the prior written consent of the other joint venture party, without which such expansion plan may not be implemented during such time.

Our central kitchen in Hong Kong supplies certain semi-processed or processed food ingredients used in our Tsui Wah restaurant in Macau. Some of these semi-processed or processed food ingredients are food ingredients for our signature dishes. These food ingredients are transported from Hong Kong to Macau by third-party logistic providers by ships. In addition, all of these food ingredients are required to be cleared by the Macau customs which normally takes approximately one day. Any events, whether due to natural disasters or otherwise, which delays the delivery of food ingredients to our Macau restaurant, or any malfunctioning of refrigeration facilities or poor handling during transportation by our logistic providers, may result in failure to provide quality food and/or temporary suspensions of certain signature dishes in our Macau restaurant, thereby adversely affecting our brand and damaging our reputation.

Macau has a relatively limited labor market and our ability to seek employees from outside of Macau to staff our operations in Macau is restricted by labor quota restrictions imposed by the Macau government. While there is no legislation that specifically provides for a labor quota applicable to our operations in Macau, as advised by our Macau Counsel based on the existing practices of the Macau Labor Department (*Direcção dos Serviços dos Assuntos Laborais*) and Macau Human Resources Bureau (*Gabinete para os Recursos Humanos*), the minimum ratio of employees from Macau to employees from outside of Macau should be 1:1. We cannot assure you that we will be able to successfully compete for the limited supply of labor in Macau and to recruit and retain a sufficient number of staffs for our Macau operations.

One of the entrances of our Macau restaurant is located inside the gaming area of the Galaxy Macau Resort & Hotel. We have experienced incidents where we have to deal with inebriated customers and thefts relating to customer possessions. If we fail to deal with these or other similar incidents properly, our business operations in Macau and our brand and reputation could be adversely affected.

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Our non-Hong Kong operations subject us to additional risks and costs and may cause our profitability to decline.

Our future growth plans depend significantly on our ability to expand into markets outside of Hong Kong. Operating outside of our core Hong Kong market exposes us to a number of additional risks, including without limitation, the following:

- fluctuations in commodity prices, interest and foreign exchange rates and the effects of local governmental initiatives to manage local economic conditions;
- changing labor conditions and difficulty in staffing our international operations;
- changes in consumer preferences;
- legal and regulatory changes and the burdens and costs of our compliance with a variety of foreign laws; and
- increases in the taxes we are obligated to pay and other changes in applicable tax laws.

Any failure to address these risks may have a material adverse effect on our business, financial condition and results of operations.

If we are unable to manage our growth effectively, we may not be able to capitalize on new business opportunities and our business and financial results may be materially and adversely affected.

We have increased the number of our restaurants⁽¹⁾ from 14 as of March 31, 2010 to 26 as at the Latest Practicable Date and we plan to continue to expand our operations by entering into new markets and increasing penetration of existing markets. Our current expansion plans contemplate a more rapid pace of expansion than we have previously undergone. We also have limited experience in operating multiple restaurant formats concurrently. Our expansion may place substantial demands on our management and our operational, technological, financial and other resources. Our planned expansion will also place significant demands on us to maintain consistent food and service quality across a larger restaurant network and preserve our corporate culture across a larger and more diverse employee base to ensure that our brand does not suffer as a result of any deterioration, whether actual or perceived, in the quality of our food or service.

To manage and support our growth, we must improve our existing operational and administrative systems as well as our financial and management controls. Our continued growth also depends on our ability to recruit, train and retain additional qualified management personnel as well as other administrative, sales and marketing personnel, particularly as we expand into new markets. To accommodate our growth, we need to continue managing our relationships with our suppliers and customers. All of these endeavors will require substantial management attention and efforts and significant additional expenditures. We cannot assure you that we will be able to manage any future growth effectively and efficiently, and any failure to do so may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material adverse effect on our business and financial results.



⁽¹⁾ Includes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

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




We believe that the success of our business and our competitive position depend on our brand and customer awareness of our brand. Our ability to implement our business plan successfully also depends in part on our ability to further build brand recognition using our trademarks, proprietary know-how, recipes, trade secrets and other intellectual property, including our names and logos.

We use confidentiality and non-compete agreements with key management and operating personnel and other precautionary procedures to protect our proprietary know-how, recipes and trade secrets. However, we cannot assure you that our methods to protect the information are adequate and others could independently develop or otherwise obtain access to our proprietary know-how, concepts, recipes and trade secrets. As a result, the appeal of our restaurants could be reduced and our business and results of operations could be adversely affected.

If our efforts to maintain and protect our intellectual property are inadequate, or if any third party misappropriates, dilutes or infringes on our intellectual property, the value of our brands may be harmed, which could have a material adverse effect on our business and might prevent our brand from achieving or maintaining market acceptance. For example, we are aware of restaurants operating under the “*Tsui Wah* (翠華)” brand in certain regions in the PRC. We are advised by our PRC legal advisers that our  翠華餐廳 and  翠華集團 logos have been duly registered as trademarks with the SAIC in the PRC since August 2004 and February 2011, respectively. As advised by our PRC advisers, we may obtain administrative orders requiring infringing parties to cease their unauthorized use by instituting litigation, arbitration or other proceedings to enforce our intellectual property rights. We are evaluating our options and optimum strategies. Negative publicity or customer disputes and complaints regarding any infringing party’s unauthorized use of our or similar trademarks, brands and logos could dilute or tarnish our restaurants’ brand appeal, which could materially damage our sales figures, profitability and prospects even if we are able to successfully enforce our legal rights. We cannot assure you these infringements or any further infringements of our intellectual property rights will not have a material adverse effect on our brand, business and results of operations in the future.

Although we operate the restaurants owned by our Jointly-Controlled Entities, to comply with legal requirements, we license the right to use certain of our “*Tsui Wah* (翠華)”-related trademarks to our Jointly-Controlled Entities. If there is any improper use of the trademarks by those entities resulting in negative publicity, our image and reputation may be adversely affected.

We cannot assure you that the measures we have put in place to protect our intellectual property rights will be sufficient. Despite our efforts, we may not be able to prevent third parties from infringing upon our intellectual property rights, including our trademark, brand and logo. 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 regardless of its outcome.

Up to the Latest Practicable Date, we have applied for registration of several trademarks, including  翠華, 翠華, 翠華,  and an additional class for the  翠華餐廳 logo in the PRC and such applications are still in process. For details, see “2. Our material intellectual property rights” in Appendix IV to this prospectus. We have been advised by our PRC legal advisers that under the PRC law, trademarks must be registered with the relevant government authority in the

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PRC so as to be protected by the relevant law. As at the Latest Practicable Date, no objections have been received from the relevant PRC authority or from any third parties with respect to such applications. We cannot guarantee you successful registration of these trademarks.

Negative publicity or customer disputes and complaints regarding any infringing parties' unauthorized use of our or similar trademarks, brands and logos could dilute or tarnish our restaurants' brand appeal, which could materially reduce our sales, profitability and prospects even if we are able to successfully enforce our rights. Even if the use by an infringing restaurant of identical or similar trademarks, brands and logos does not confuse customers, the distinctive nature of our restaurants' brand image could be blurred because our trademarks, brands and logos may lose the distinctive association in the customers' awareness with our restaurants, which in turn could materially reduce our sales, profitability and prospects. In addition, we could face increased difficulty and incur additional expenses during our future expansion because of the existence of infringing restaurants in regions of the PRC where we currently do not have operations but where we intend to expand our operations. Therefore, our failure to protect or safeguard our intellectual property rights could materially and adversely affect our business, financial condition and results of operations.

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

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

In accordance with the laws and regulations of the PRC, we are required to maintain various approvals, licenses and permits in order to operate our restaurant business in the PRC. Each of our restaurants in the PRC is required to obtain the relevant liquor retail license, food service license and/or public assembly venue hygiene license. In addition, each of our restaurants in the PRC is required to obtain an environmental protection assessment and inspection approval, a fire safety design approval and a fire prevention inspection report. These approvals, licenses and permits are achieved upon satisfactory compliance with, amongst other things, the applicable food safety, hygiene, environmental protection, fire safety and wine laws and regulations. Most of these licenses are subject to examinations or verifications by relevant authorities and are valid only for a fixed period of time subject to renewal and accreditation.

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

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

Restaurant and bakery licenses of some of our restaurants in Hong Kong are held by our Controlling Shareholders, Directors and employees.

Each of our restaurants in Hong Kong is required to obtain a restaurant license from the relevant regulatory authority. For details, see “Laws and Regulations — Regulatory Framework — Health and Safety Regulatory Compliance”. Historically before mid-2005, in respect of six of our earliest restaurants (the “Six Food Business License-related Restaurants”), we requested certain individuals to apply for the relevant food business licenses on behalf of our Group. For details, see “Business — Restaurant and/or bakery license(s) of six of our restaurants” in this prospectus. The aggregate percentage of our Group’s revenue attributable to these Six Food Business License-related Restaurants amounted to 56%, 47%, 42% and 35% for the three years ended March 31, 2012 and the three months ended June 30, 2012, respectively. The aggregate percentage of our Group’s profit after tax attributable to these Six Food Business License-related Restaurant amounted to 56%, 45%, 41% and 39% for the three years ended March 31, 2012 and the three months ended June 30, 2012, respectively.

We have renewed the relevant restaurants licenses and/or bakery licenses every year since the relevant individuals first obtained such license(s). We became aware that the 2006 Policies were introduced while in the course of preparing for our Listing. For details of the 2006 Policies, see “Business — Restaurant and/or bakery license(s) of six of our restaurants” in this prospectus.

As of the dates when the six restaurant licenses and two bakery licenses of the Six Food Business License-related Restaurants were granted to the relevant individuals, the premises of all these Six Food Business License-related Restaurants were in compliance with the then applicable policies on application, renewal and transfer of food business licenses (including restaurant and bakery licenses). Subsequently, we received building orders in relation to unauthorized signboards in respect of three of the Six Food Business License-related Restaurants, which we have already rectified. For details, see “Business — Non-compliance of our Group during the Track Record Period — Building Orders-related Non-compliance Matters”. In light of the implementation of the 2006 Policies, there is no guarantee that all of these Six Food Business License-related Restaurants will be able to satisfy the conditions as set out in the 2006 Policies.

There is no guarantee that these license holders will not leave our Group or do such acts that may be non-compliant with the license requirements or detrimental to the subsequent license renewals or transfers. In the event that any such license holder leaves our Group or such licenses are otherwise revoked or are not renewed by the relevant authorities, our operation and profits may be adversely affected.

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Our success depends on our key personnel and our business may be harmed if we lose their services or they are not able to successfully manage our growing operations.

Our senior management team has a limited history of working together. Our future success depends on the ability of our senior management team to work together and successfully implement our growth strategy while maintaining the strength of our brand. Our future success also depends heavily upon the continuing services and performance of our key management personnel, in particular our executive Directors and Mr. Lock, our chief executive officer. We must continue to attract, retain and motivate a sufficient number of qualified management and operating personnel, including regional operational managers, restaurant general managers and executive chefs, to maintain consistency in the quality and atmosphere of our restaurants and meet our planned expansion requirements. If our senior management team fails to work together successfully, or if one or more of our senior managers is unable to effectively implement our business strategy, we may be unable to grow our business at the speed or in the manner in which we expect. Competition for experienced management and operating personnel in the restaurant industry is intense, and the pool of qualified candidates is limited. We may not be able to retain the services of our key management and operating personnel or attract and retain high-quality senior executives or key personnel in the future.

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

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

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

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

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

We also receive and maintain certain personal information about our guests when accepting credit cards or smart cards for payment. If our network security is compromised and such information is stolen or obtained by unauthorized persons or used inappropriately, we may

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become subject to litigation or other proceedings brought by cardholders and financial institutions that issue cards. Any such proceedings could distract our management from running our business and cause us to incur significant unplanned losses and expenses. Consumer perception of our brand could also be negatively affected by these events, which could further adversely affect our business and results of operations.

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

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

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

As of the date of this prospectus, we have obtained insurance policies that we believe are customary for businesses of our size and type and in line with the standard commercial practice in the jurisdictions where we have operations. For more details on our insurance policies, see “Business — Insurance” in this prospectus. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure, such as loss of reputation. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business and results of operations may be materially and adversely affected.

Our business could be adversely affected by difficulties in employee recruiting and retention.

We believe hiring, motivating and retaining qualified employees are a critical part of our success as a restaurant operator. Our success depends in part upon our ability to attract, retain and motivate a sufficient number of qualified employees, including restaurant staff, cooks, and kitchen assistants. As at June 30, 2012, we employed 2,176 employees (excluding Directors), 88 of whom were headquarters personnel and 2,088 of whom were restaurant and central kitchen staff. Highly service-oriented and qualified individuals are in short supply and competition for these employees is intense.

We are developing and implementing a number of employee recruiting and retention initiatives in an effort to attract, retain and motivate a sufficient number of qualified employees for our business operation and planned expansion. See “Business — Employees — Recruiting” and “Business — Employees — Employee Retention” in this prospectus. If we cannot successfully implement all or any of these initiatives or, if implemented, these initiatives do not

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achieve the intended benefits generally or within our desired time frame, we may not be able to successfully recruit, motivate and retain a sufficient number of employees with necessary qualifications at commercially reasonable costs, or at all. Our failure to have and retain enough qualified employees could delay planned new restaurant openings or result in higher employee turnover, either of which could have a material adverse effect on our business and results of operations. In addition, competition for qualified employees could also require us to pay higher wages, which could result in higher labor costs.

Our results of operations may fluctuate significantly from period to period due to seasonality and other factors.

Our overall results of operations may fluctuate significantly from period to period because of various factors, including the timing of new restaurant openings and the incurrence of associated pre-opening costs and expenses, operating costs for our newly opened restaurants, any losses associated with our restaurant closings and seasonal fluctuations that may vary depending upon the region in which a particular restaurant is located. During the Track Record Period, we generally derived a higher amount of revenue during the summer seasons and certain holiday periods, such as the Chinese New Year holiday and Christmas holiday. As a result of the above factors, our results of operations may fluctuate significantly from period to period and a comparison of different periods may not be meaningful. Our results for a given fiscal period are not necessarily indicative of results to be expected for any other fiscal period.

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

Our historical results may not be indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenues, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, special events, regulations or actions pertaining to restaurants based in Hong Kong and the PRC and our ability to control costs and operating expenses. You should not rely on our historical results to predict the future performance of our Shares. For more details, see “Financial Information — Factors Affecting Results of Operations and Financial Condition — Average Number of Invoices Per Table Per Day and Average Spending Per Invoice” in this prospectus.

Our historical dividends may not be indicative of our future dividends.

We declared dividends of HK\$5.0 million, HK\$12.1 million, HK\$15.3 million and HK\$117.9 million for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. We declared a one-off and non-recurring dividend to the existing Shareholders in the amount of approximately HK\$53.5 million in October 2012, all of which is expected to be paid by December 2012. We cannot assure you that we will declare or pay dividends in the future, and potential investors should be aware that the amount of dividends that were declared and paid in the past should not be used as a reference or basis upon which future dividends will be determined. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant.

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RISKS RELATING TO OUR INDUSTRY

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

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

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

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

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

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

The restaurant industry is affected by macro-economic factors, including changes in international, national, regional and local economic conditions, employment levels and consumer spending patterns. In particular, our Group's core business are operating restaurants in Hong Kong and accordingly, our results of operations is closely affected by the macro-economic conditions in Hong Kong. Any deterioration of the Hong Kong economy, decrease in disposable

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consumer income, fear of a recession and decreases in consumer confidence may lead to a reduction of guest traffic and average spending per invoice at our restaurants, which could materially and adversely affect our financial condition and results of operations.

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

Intense competition in the restaurant industry could prevent us from increasing or sustaining our revenue and profitability.

The restaurant industry is intensely competitive with respect to, among other things, food quality and consistency, taste, price-value relationships, ambiance, service, location, supply of quality food ingredients and employees. 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 facilities. We face significant competition at each of our locations from a variety of restaurants in various market segments, including locally-owned restaurants and regional and international chains. Our competitors also offer dine-in, take-away and delivery services. There are a number of well-established competitors with substantially greater financial, marketing, personnel and other resources than ours, and many of our competitors are well established in the markets where we have restaurants, or in which we intend to open new restaurants. Additionally, other companies may develop new restaurants that operate with similar concepts and target our customers resulting in increased competition.

Any inability to successfully compete with the other restaurants in our markets may prevent us from increasing or sustaining our revenues and profitability and lose market share, which could have a material adverse effect on our business, financial condition, results of operations or cash flows. We may also need to modify or refine elements of our restaurant system to evolve our concepts in order to compete with popular new restaurant styles or concepts that develop from time to time. We cannot ensure that we will be successful in implementing these modifications or that these modifications will not reduce our profitability.

RISKS RELATING TO THE PRC

We face uncertainty with respect to the indirect transfers of equity interests in our PRC resident enterprises through transfers made by our non-PRC holding companies.

The State Administration of Taxation (SAT) issued the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) ([2009] 698), (“**Circular 698**”), on December 10, 2009, which was made retrospectively effective from 1 January 2008. Pursuant to Circular 698 and SAT announcement [2011] 24, except for the purchase and sale of equity in a PRC resident enterprise through a public securities market, where a non-PRC resident enterprise indirectly transfers its equity interest in a PRC resident enterprise by disposing of its equity interests in an overseas holding company (an “**Indirect Transfer**”), and such overseas holding company’s jurisdiction: (i) has either an effective tax rate of less than 12.5% or (ii) does not tax on such transaction, the non-PRC resident enterprise shall report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the non-PRC holding company if it lacks a reasonable commercial purpose and is established for the

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purpose of avoiding PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at 10%. Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

In connection with our Reorganization, we conducted transactions that may be deemed to be Indirect Transfers of equity interests in our PRC subsidiaries. If the relevant PRC tax authorities hold that our overseas holding company's existence does not have commercial purpose and the Indirect Transfer was conducted for the purpose of avoiding PRC tax, or any such Indirect Transfer is otherwise taxable under Circular 698, we may be required to pay PRC withholding tax for such Indirect Transfer. However, since the implementations of Circular 698 vary across different tax authorities, it remains unclear how the PRC tax authorities will examine the commercial purpose of non-PRC holding companies and Indirect Transfers generally. Notwithstanding this, according to Circular 698, the reporting and tax obligation, if any, remains with the transferor, i.e. Cui Fa, Ample Favour, Victor Leap and Macca Investment in our case.

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

As at the Latest Practicable Date, we operated four restaurants in the PRC. We plan to open five (including two already opened during the year ending March 31, 2013 as at the Latest Practicable Date), eight and 11 new restaurants in the PRC in each of the three years ending March 31, 2013, 2014 and 2015, respectively. In addition, the number of tourists from the PRC visiting Hong Kong in recent years has increased substantially. Accordingly, our business, financial condition, results of operations and prospects could be affected by economic, political and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including the degree of government involvement, the level of development, the growth rate, the control of foreign exchange, access to financing, and the allocation of resources. Restaurant dining is discretionary for customers and tends to be higher during periods in which favorable economic conditions prevail. Customers' tendency to become more cost-conscious as a result of an economic slowdown or decreases in disposable income may reduce our customer traffic or average revenue per customer, which may adversely affect our revenues.

While the Chinese economy has experienced significant growth in the past 30 years, growth has been uneven geographically, among various sectors of the economy and during different periods. We cannot assure you that the Chinese economy will continue to grow, or that if there is growth, such growth will be steady and uniform, or that if there is a slowdown, such slowdown will not have a negative effect on our business. For example, due in part to the impact of the global crisis in financial services and credit markets and other factors, China's year-on-year real GDP growth rate decreased to 6.8% in the fourth quarter of 2008, down from the figure of 11.9% reached in the second quarter of 2007. As a result, beginning in September 2008, among other measures, the PRC government began to loosen macroeconomic measures and monetary policies by reducing interest rates and decreasing the statutory reserve rates for banks. In addition, in November 2008, the PRC government announced an economic stimulus package in the amount of RMB4.0 trillion. Furthermore, the PRC government has increased its deposit reserve ratio six times within 2010, in each case by 0.5%, to control the growth of the PRC economy. We cannot assure you that the various macroeconomic measures, monetary policies and the economic stimulus package adopted by the PRC government to guide economic growth and the allocation of resources will be effective in sustaining the fast growth rate of the

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Chinese economy. In addition, such measures, even if they benefit the overall Chinese economy in the long-term, may adversely affect us if they reduce the disposable income of our customers or dampen their willingness to dine at restaurants.

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

Our restaurant business in the PRC is conducted through our PRC subsidiaries. Thus, our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws applicable to wholly foreign-owned enterprises. The PRC legal system is based on written statutes and regulations. Prior court decisions may be cited for reference but have limited precedential value.

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

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

We are a company incorporated under the laws of the Cayman Islands. During the Track Record Period, a majority of our businesses, assets and operations were located in Hong Kong. A substantial majority of our Directors and executive officers reside in Hong Kong. As at the Latest Practicable Date, we operated 21 restaurants in Hong Kong, four restaurants in China and one restaurant in Macau. Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In addition, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. As a result, recognition and enforcement in Hong Kong or the PRC of judgments of a court in the United States and any of the other jurisdictions mentioned above in relation to any matter not subject to binding arbitration awards may be difficult or impossible.

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

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

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Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive our revenues from our PRC restaurant operations in RMB. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. However, approval from appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our Shares.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your investment.

The change in value of the Renminbi against the Hong Kong dollar, U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. Since 1994, the conversion of Renminbi into other currencies, including Hong Kong and U.S. dollars, has been based on rates set by the People's Bank of China, which are set daily based on the previous business day's inter-bank foreign exchange market rates and current exchange rates on the world financial markets. On July 21, 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand and referenced to a basket of currencies. Since the adoption of this new policy, while the value of the Renminbi against the U.S. dollar has fluctuated daily, the overall value has appreciated against the U.S. dollar. The PRC government has since made and may in the future make further adjustments to the exchange rate system.

In respect of our restaurants in the PRC, a majority of our revenues and costs are denominated in RMB. We also partially rely on dividends and other fees paid to our Company by our wholly-owned subsidiaries in China. Any significant revaluation of the RMB may materially and adversely affect our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable on, our Shares in Hong Kong dollars. For example, any appreciation of the Renminbi against the Hong Kong or U.S. dollar or any other currencies may result in the decrease in the Renminbi-equivalent value of the proceeds from this Global Offering and our foreign currency-denominated assets. Conversely, any devaluation of the Renminbi may adversely affect the value of, and any dividends payable on, our ordinary shares in foreign currency terms.

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

In utilizing the proceeds of the Global Offering in the manner described in “Future Plans and Use of Proceeds”, as an offshore holding company of our PRC operating subsidiaries, we may make loans, additional capital contributions to our PRC subsidiaries or a combination thereof. Any loans to our PRC subsidiaries are subject to PRC regulations and approvals. For example, loans by us to our wholly-owned subsidiaries in China, each of which is a foreign-invested enterprise, to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local counterpart.

In addition, any capital contributions to our PRC wholly-owned subsidiaries must be approved by the Ministry of Commerce or its local counterpart. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries. If we fail to receive such registrations or approvals, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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

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

Under Chinese laws and regulations, each of our Chinese subsidiaries is required to set aside a portion of its net income each year based on PRC accounting standards to fund a statutory surplus reserve, until the accumulated amount of such reserve has exceeded 50% of its registered capital. The statutory surplus reserve amounted to RMB2,346,000 as of March 31, 2012. This reserve is not distributable as dividends except in the event of liquidation of these subsidiaries. As a result, our Chinese subsidiaries are restricted in their ability to transfer a portion of their net assets to us or any of our other subsidiaries in the form of dividends, loans or advances. Limitations on the ability of our Chinese subsidiaries to pay dividends to us or any of our other subsidiaries could materially and adversely limit our ability to borrow money outside of China or pay dividends to holders of our Shares. Also see “— Risks Relating to the PRC — The dividends we receive from our Chinese subsidiaries and our global income may be subject to Chinese tax under the PRC EIT Law which would have a material adverse effect on our results of operations; our non-PRC Shareholders will be subject to a Chinese withholding tax upon the dividends payable by us and gains on the sale of Shares, if we are classified as a Chinese “resident enterprise” in this section below.

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

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

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

RISKS RELATING TO THE GLOBAL OFFERING

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 Global Offering, no public market for our Shares existed. Following the completion of the Global Offering, the Stock Exchange will be the only market on which the Shares are publicly traded. We cannot assure you that an active trading market for our Shares will develop or be sustained after the Global Offering. In addition, we cannot assure you that our Shares will trade in the public market subsequent to the Global Offering at or above the Offer Price. The Offer Price for the Shares is expected to be fixed by agreement among the Sole Bookrunner (on behalf of the Hong Kong Underwriters and the International Underwriters) and us, and may not be indicative of the market price of the Shares following the completion of the Global Offering. If an active trading market for our Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of Shares could be materially and 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 companies based in Asia may affect the trading price of our Shares. In addition, the performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have listed their securities in Hong

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Kong may affect the volatility in the price of and trading volumes for our Shares. Recently, a number of PRC companies have listed their securities, or are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

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

Issuance of Shares pursuant to the Pre-IPO Share Option Scheme will result in dilution to your shareholding in our Company and dilution of the earnings per Share and granting of share options under the Pre-IPO Share Option Scheme or other equity incentive awards will require us to recognize share-based compensation expenses.

We adopted our Pre-IPO Share Option Scheme on November 5, 2012. As at the Latest Practicable Date, options to subscribe for an aggregate of 100,000,200 Shares had been granted to 193 grantees under the Pre-IPO Share Option Scheme. Issuance of Shares pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme will cause dilution to your shareholding in our Company and dilution to the earnings per Share and may cause dilution to the net asset per Share. In addition, we are required to recognize share-based compensation as expenses. We estimate that the share-based compensation expenses we will recognize in each of the four years ending March 31, 2016 for share options granted under the Pre-IPO Share Options Scheme will be in the amount of approximately HK\$6 million, HK\$13 million, HK\$6 million and HK\$2 million, respectively. If we grant additional options or other equity incentive awards in the future, we could incur significant compensation charges and our profit for the year/period and earnings per Share may be adversely affected. See “E. Share Option Schemes — Pre-IPO Share Option Scheme” in Appendix IV to this prospectus for more information of our Pre-IPO Share Option Scheme.

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

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

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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 Global Offering, 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 can be no assurance that they will not dispose of these Shares following the expiration of the lock-up periods, or any Shares they may come to own in the future. We cannot predict what effect, if any, significant future sale will have on the market price of our Shares.

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

If you purchase our Shares in the Global Offering, you will pay more for your Shares than our net book value on a per Share basis. As a result, investors of our Shares in the Global Offering will experience an immediate dilution in the net tangible asset value and our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our Shares may experience a further dilution of their interest if the Sole Global Coordinator (on behalf of the International Underwriters), exercises the Over-allotment Option or if we obtain additional capital in the future through equity offerings.

We have adopted the Pre-IPO Share Option Scheme and the Share Option Scheme, details of which are set out in “E. Share Option Schemes — Pre-IPO Share Option Scheme” in Appendix IV to this prospectus. Issuance of Shares pursuant to the exercise of the options granted or to be granted under the Pre-IPO Share Option Scheme or 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 and the earnings per Share, and may cause dilution to the net asset per Share.

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

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

INFORMATION ABOUT THE GLOBAL OFFERING

Issuer	Tsui Wah Holdings Limited
Number of Offer Shares under the Global Offering	Global Offering of initially 333,334,000 Shares (excluding the Shares to be offered pursuant to the exercise of the Over-allotment Option) comprising (i) Hong Kong Public Offering of initially 33,334,000 Shares (subject to adjustment) and (ii) International Placing of initially 300,000,000 Shares (subject to adjustment and excluding the Shares to be offered pursuant to the exercise of the Over-allotment Option).
Employee Preferential Offering	Approximately 10% of the number of Offer Shares initially available under the Hong Kong Public Offering
Offer price range	HK\$1.89 to HK\$2.27
Over-allotment Option	Up to 50,000,000 additional Shares to be offered by our Company
Lock-up undertakings by our Controlling Shareholders, Mr. Lock and Macca Investment	See “Underwriting — Undertakings by our Controlling Shareholders” and “Underwriting — Other Undertakings”
Dividend policy	<p>Subject to certain limitations, we currently intend to pay not less than 30% of our annual profits after tax as dividends. There can be no assurance that in any given year a dividend will be proposed or declared. See “Financial Information — Dividend and Dividend Policy” in this prospectus.</p> <p>Unless we determine otherwise, dividends, if declared, will be paid in Hong Kong dollars to our Shareholders, as recorded in our Hong Kong branch register, by ordinary post at our Shareholders’ risk, to the registered address of each Shareholder.</p>
Voting rights	Each Share entitles its holder to one vote at our Shareholders’ meeting. See “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.
Stamp duty	Dealings in the Shares registered in our Hong Kong branch register will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

INFORMATION ABOUT THE GLOBAL OFFERING

Application for the Listing on the Stock Exchange

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares to be issued pursuant to the exercise of the Over-allotment Option), the Capitalization Issue, the Pre-IPO Share Option Scheme and the Share Option Scheme. No part of our share or loan capital of our Company is listed on or dealt in on any other stock exchange nor is there at present any proposal to do so.

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

Restrictions on offers and sale of the Offer Shares

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus 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 circumstance in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

The Offer Shares are offered to the public in Hong Kong for subscription or acquisition solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorized in connection with the Global Offering to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Sole Sponsor, the Underwriters, any of their respective directors or any other parties involved in the Global Offering.

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

INFORMATION ABOUT THE GLOBAL OFFERING

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Prospective applicants of the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants of the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

Fully underwritten

The Global Offering comprises the International Placing and the Hong Kong Public Offering. Details of the structure and conditions of the Global Offering are set out in “Structure and Conditions of the Global Offering” in this prospectus. This prospectus is published in connection with the Global Offering and, together with the related Application Forms, set out the terms and conditions of the Global Offering.

The Global Offering is sponsored by the Sole Sponsor, and the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Placing is expected to be fully underwritten by the International Underwriters. Full information relating to the Underwriters and the underwriting arrangements, is set out in “Underwriting” in this prospectus.

Price Determination Date

On or around Tuesday, November 20, 2012, in any event not later than Friday, November 23, 2012

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself or on behalf of the Underwriters) on the Price Determination Date, the Global Offering will not become unconditional and will lapse.

Eligibility for CCASS

Subject to the granting of the listing of, and permission to deal in, our Shares on the Stock Exchange and compliance of 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.

INFORMATION ABOUT THE GLOBAL OFFERING

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day (as defined in the Listing Rules) after any trading day. 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.

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.

Register of members

Our Company's principal register of member will be maintained by Codan Trust Company (Cayman) Limited and our Company's Hong Kong branch register of members will be maintained by Tricor Investor Services Limited. All Shares offered under the Global Offering will be registered in our Hong Kong branch register.

Procedures for application for the Hong Kong Public Offer Shares

See "How to Apply for the Hong Kong Public Offer Shares and Employee Reserved Shares".

Conditions of the Global Offering

See "Structure and Conditions of the Global Offering".

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND THE COMPANIES ORDINANCE

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and the Companies Ordinance:

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions with our connected persons which will constitute continuing connected transactions (the “Transactions”) of our Company under the Listing Rules after the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted waiver from strict compliance with the relevant announcement requirements set out in Chapter 14A of the Listing Rules for the Transactions subject to the Sponsor and the Directors, including the independent non-executive Directors, confirming that in their views:

- (i) the Transactions have been and shall be entered into in the ordinary and usual course of business of our Group, on normal commercial terms that are fair and reasonable and in the interests of the Shareholders of our Company as a whole; and
- (ii) the proposed annual caps for the Transactions are fair and reasonable and in the interests of the Shareholders of our Company as a whole.

If any terms of the Transactions are altered or if our Company enters into new agreements with any connected persons in the future, our Company will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless our Company applies for and obtains a separate waiver from the Stock Exchange.

See “Connected Transactions” in this prospectus for further details of the Transactions.

PRE-IPO SHARE OPTION SCHEME

Under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A and paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance, this prospectus is required to include, among other things, details of the number, description and amount of any of our Shares which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for Shares subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given, full details of all outstanding options and their potential dilution effect on the shareholdings upon the Listing as well as the impact on the earnings per share arising from the exercise of such outstanding options. We have granted options to 193 persons (the “Grantees” and each a “Grantee”) to subscribe for 100,000,200 Shares on the terms set out in “E. Share Option Schemes — Pre-IPO Share Option Scheme” in Appendix IV to this prospectus including one Grantee who is a Director, four Grantees who are members of the senior management of our Group, and one Grantee who is an employee of our Group having the right to subscribe for 10,000,000 Shares or more under the Pre-IPO Share Option Scheme (collectively the “Disclosed Grantees” and each a “Disclosed Grantee”). Save as disclosed in “E. Share option schemes — Pre-IPO Share Option Scheme” in Appendix IV to this prospectus, no grantees under the Pre-IPO Share Option Scheme is a Director or senior management or connected person of our Group or an employee of our Group having the right to subscribe for 10,000,000 Shares or more under the Pre-IPO Share Option Scheme.

We have applied for (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Listing Rules; and (ii) an exemption from the SFC from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance on

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND THE COMPANIES ORDINANCE

the ground that disclosure of the names and addresses of the 187 Grantees of the Pre-IPO Share Option Scheme other than the Disclosed Grantees (such Grantees to be collectively referred to as the “Other Grantees” and each an “Other Grantee”) (the total number of Shares subject to the options granted to such Other Grantees being 19,313,500), as well as the number of Shares in respect of which options have been conditionally granted to each Other Grantee would be unduly burdensome for us due to the following reasons:

- (i) as the options granted under the Pre-IPO Share Option Scheme are in many instances considered as part of the Other Grantees’ remuneration package, information on such options is highly sensitive and confidential among the Other Grantees;
- (ii) given that 187 Other Grantees are involved, strict compliance with the applicable disclosure requirements under the Companies Ordinance on an individual basis in this prospectus will be costly and unduly burdensome on our Company in light of a significant increase in cost and timing for information compilation, prospectus preparation and printing;
- (iii) the grant and exercise in full of the options granted under the Pre-IPO Share Option Scheme will not cause any material adverse change in the financial position of our Company;
- (iv) a waiver from strict compliance with the applicable disclosure requirements under the Listing Rules and the Companies Ordinance will not hinder our Company in providing an informed assessment of our Company’s activities, assets and liabilities, financial position, management and prospects to our potential investors;
- (v) the disclosure of key information of the options granted to the Disclosed Grantees, as described in “E. Share Option Schemes — Pre-IPO Share Option Scheme” in Appendix IV to this prospectus should provide potential investors with sufficient information to make a relevant assessment of our Company in their investment decision-making process; and
- (vi) the names and addresses of the remaining 187 Other Grantees, as well as the number of Shares in respect of which options have been conditionally granted to each of the Other Grantees are immaterial information to potential investors to make a relevant assessment of our Company in their investment decision-making process.

The Stock Exchange has granted the waiver to us subject to the conditions that:

- (a) the grant of a certificate of exemption from strict compliance with the relevant Companies Ordinance requirements by the SFC;
- (b) on individual basis, full details of all the options granted by our Company under the Pre-IPO Share Option Scheme to the Directors, senior management and connected persons of our Group and any other employees of our Group with a right to subscribe for 10,000,000 Shares or more under the Pre-IPO Share Option Scheme, including all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies Ordinance, be disclosed in this prospectus;

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND THE COMPANIES ORDINANCE

- (c) in respect of the options granted by our Company to the Other Grantees, the following details be fully disclosed in this prospectus:
 - (1) the aggregate number of the Other Grantees;
 - (2) the number of Shares subject to such options;
 - (3) the consideration paid for the grant of such options;
 - (4) the exercise period of the options; and
 - (5) the exercise price for the options;
- (d) the dilution effect and impact on earnings per Share upon full exercise of the options granted under the Pre-IPO Share Option Scheme be disclosed in this prospectus;
- (e) the aggregate number of Shares subject to the outstanding options granted by our Company under the Pre-IPO Share Option Scheme and the percentage of our Company's issued share capital of which such number represents be disclosed in this prospectus;
- (f) a summary of the Pre-IPO Share Option Scheme be disclosed in this prospectus; and
- (g) the list of all the Grantees (including the Other Grantees), containing all details as required under Rule 17.02(1)(b), paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies Ordinance be made available for public inspection.

The SFC has issued a certificate of exemption under section 342A of the Companies Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance subject to the conditions that:

- (aa) on individual basis, full details of all the options granted by our Company under the Pre-IPO Share Option Scheme to each of the Directors, senior management or connected persons of our Group or to any other employees of our Group who have been granted options for 10,000,000 Shares or more are disclosed in this prospectus, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies Ordinance;
- (bb) in respect of the options granted by our Company under the Pre-IPO Share Option Scheme to the employees other than those referred to in sub-paragraph (aa) above, the following details are disclosed in this prospectus:
 - (1) aggregate number of grantees and number of Shares subject to the options;
 - (2) the consideration paid for the grant of the options; and
 - (3) the exercise period and the exercise price for the options; and

**WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS
UNDER THE LISTING RULES AND THE COMPANIES ORDINANCE**

(cc) a list of all the Grantees (including the persons referred to in sub-paragraph (aa) above) who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all the details as required under paragraph 10 of Part I of the Third Schedule to the Companies Ordinance be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available for Inspection — Documents available for inspection” in Appendix V to this prospectus; and

(dd) the particulars of the exemption will be disclosed in this prospectus.

Further details of the Pre-IPO Share Option Scheme are set out in “E. Share option schemes — Pre-IPO Share Option Scheme” in Appendix IV to this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Executive Directors		
LEE Yuen Hong (李遠康)	Flat A, 10/F Right Mansion 29 Robinson Road Mid-Levels, Hong Kong	Chinese
HO Ting Chi (何庭枝)	Flat B, 11/F, Tower 1 Regent On the Park 9A Kennedy Road Mid-Levels, Hong Kong	Chinese
CHEUNG Yu To (張汝桃)	Flat A, 31/F, Block 2 Ronsdale Garden 25 Tai Hang Drive Jardine's Lookout, Hong Kong	Chinese
CHEUNG Wai Keung (張偉強)	Flat D, 3/F Ewan Court 54–56 Kennedy Road Wanchai, Hong Kong	Chinese
CHEUNG Yue Pui (張汝彪)	Flat C, Block 7, 33/F 9 Sham Shing Road The Pacifica Cheung Sha Wan Hong Kong	Chinese
Independent non-executive Directors		
GOH Choo Hwee (吳慈飛)	Flat F, 41/F Block 9 Bellagio Sham Tseng Hong Kong	Chinese
WONG Chi Kin (黃志堅)	Flat D, 3/F Hoi Sun Building Mercury Street Hong Kong	Chinese
YIM Kwok Man (嚴國文)	Flat A, 46/F, Tower 7 The Latitude 638 Prince Edward Road East San Po Kong Kowloon, Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED

Sole Sponsor	Deutsche Securities Asia Limited 52/F, International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager	Deutsche Bank AG, Hong Kong Branch 52/F, International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
International Underwriters	Deutsche Bank AG, Hong Kong Branch 52/F, International Commerce Centre 1 Austin Road West Kowloon, Hong Kong Kingsway Financial Services Group Limited 7/F, Tower 1, Lippo Centre 89 Queensway Hong Kong
Hong Kong Underwriters	Deutsche Bank AG, Hong Kong Branch 52/F, International Commerce Centre 1 Austin Road West Kowloon, Hong Kong CCB International Capital Limited 34/F Two Pacific Place 88 Queensway Admiralty, Hong Kong
Legal advisers to our Company	<i>As to Hong Kong law</i> Deacons 5th Floor Alexandra House 18 Chater Road Central, Hong Kong <i>As to U.S. law</i> Dorsey & Whitney Suite 3008, One Pacific Place 88 Queensway Hong Kong <i>As to PRC law</i> Commerce & Finance Law Offices 6F NCI Tower A12 Jianguomenwai Avenue Beijing 100022, PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to Cayman Islands law

Conyers Dill & Pearman (Cayman) Limited

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

As to Macau law

Rato, Ling, Vong, Lei & Cortés — Advogados

Avenida da Amizade, N°555
Macau Landmark
Office Tower 23°, 2301–2302
Macau

**Legal advisers to the Sole
Sponsor and the Underwriters**

As to Hong Kong law and U.S. law

Paul Hastings

21st and 22nd Floors, Bank of China Tower
1 Garden Road
Central, Hong Kong

As to PRC law

Jingtian & Gongcheng

34th Floor, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District, 100025
Beijing, PRC

**Auditors and reporting
accountants**

Ernst & Young

Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Receiving banks

Bank of China (Hong Kong) Limited

1 Garden Road
Hong Kong

Standard Chartered Bank (Hong Kong) Limited

15/F Standard Chartered Tower
388 Kwun Tong Road, Kwun Tong
Hong Kong

Hang Seng Bank Limited

83 Des Voeux Road
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong registered under Part XI of the Companies Ordinance	3/F, Tsui Wah Group Centre 50 Lai Yip St., Ngau Tau Kok, Kowloon Hong Kong
Company secretary	Mr. YANG Dong John (楊東) (HKICPA)
Authorized representative	Mr. LEE Yuen Hong (李遠康) Flat A, 10/F Right Mansion 29 Robinson Road Mid-Levels, Hong Kong Mr. YANG Dong John (楊東) Flat G, 35/F, BLK 2, Banyan Garden, Lai Chi Kok, Hong Kong
Audit committee	Mr. YIM Kwok Man (嚴國文) (Chairman) Mr. GOH Choo Hwee (吳慈飛) Mr. WONG Chi Kin (黃志堅)
Remuneration committee	Mr. GOH Choo Hwee (吳慈飛) (Chairman) Mr. WONG Chi Kin (黃志堅) Mr. LEE Yuen Hong (李遠康)
Nomination committee	Mr. WONG Chi Kin (黃志堅) (Chairman) Mr. GOH Choo Hwee (吳慈飛) Mr. LEE Yuen Hong (李遠康)
Compliance adviser	Fortune Financial Capital Limited 35/F, Office Tower Convention Plaza No. 1 Harbour Road Wanchai Hong Kong
Principal share registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	Tricor Investor Services Limited 26th Floor Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

CORPORATE INFORMATION

Principal banker

Standard Chartered Bank (Hong Kong) Limited
15/F Standard Chartered Bank Building
4–4A Des Voeux Road Central
Hong Kong

Company website address *(note)* www.tsuiwah.com

Note: Contents of our Company's website do not form part of this prospectus.

INDUSTRY OVERVIEW

Certain information and statistics relating to our industry provided in this section have been derived from official government sources. In addition, this section and elsewhere in the prospectus contains information extracted from a commissioned report, the Frost & Sullivan Report, prepared by Frost & Sullivan, for the purposes of this prospectus. See “— About This Section”. We believe that the sources of the information in this “Industry Overview” section are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is materially false or misleading, and no fact has been omitted that would render such information materially false or misleading. However, the information has not been independently verified by us, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Sole Sponsor, the Underwriter, or any other party involved in the Global Offering, other than Frost & Sullivan with respect to the information contained in the Frost & Sullivan Report.

A. HONG KONG

Characteristics of the economy relevant to the Cha Chaan Teng Industry

GDP

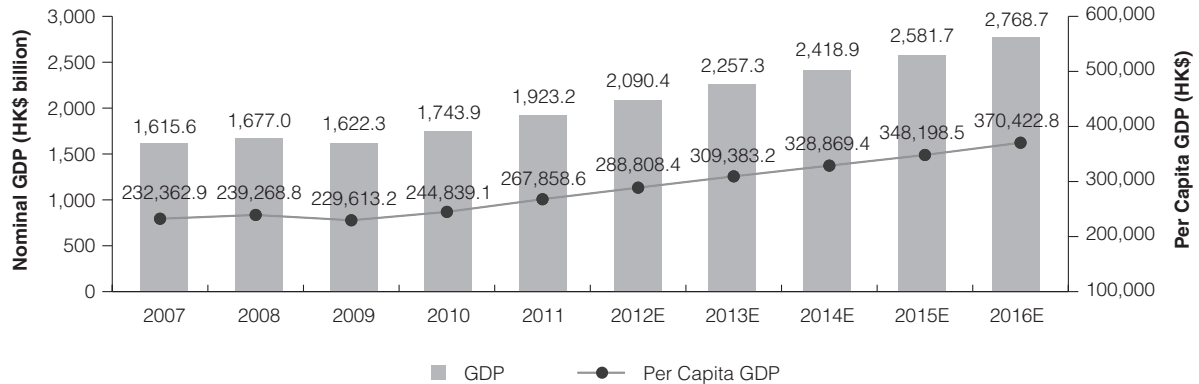
Apart from the economic downturn resulting from the global financial crisis in 2009, the economy in Hong Kong has maintained steady growth since 2007. In 2010 and 2011, Hong Kong’s economy grew at a rate of 7.0% and 6.0% per annum, respectively. This was due to rapid growth in many Asian economies and moderate recoveries in Europe and the United States that allowed Hong Kong’s external trade to remain competitive. Growth was also supported by an expanding domestic market due to increasing intra-regional production activities and growing number of tourists from China.

According to the Frost & Sullivan Report, nominal GDP in Hong Kong grew from approximately HK\$1,622.3 billion in 2009 to approximately HK\$1,923.2 billion in 2011. According to the Frost & Sullivan Report, nominal GDP in Hong Kong is expected to reach HK\$2,768.7 billion in 2016, representing a CAGR of 7.3% from 2012 to 2016.

The per capita GDP increased from approximately HK\$229,613.2 in 2009 to approximately HK\$267,858.6 in 2011. The strong rebound of the Hong Kong economy in 2011 led to an increase in per capita GDP by 9.4% in 2011. According to the Frost & Sullivan Report, the per capita GDP in Hong Kong is expected to amount to HK\$370,442.8 in 2016, representing a CAGR of 6.4% from 2012 to 2016.

INDUSTRY OVERVIEW

The following table and chart illustrate the growth trend of GDP and GDP per capita in Hong Kong for the years 2007 to 2011 and projected growth from 2012 to 2016:

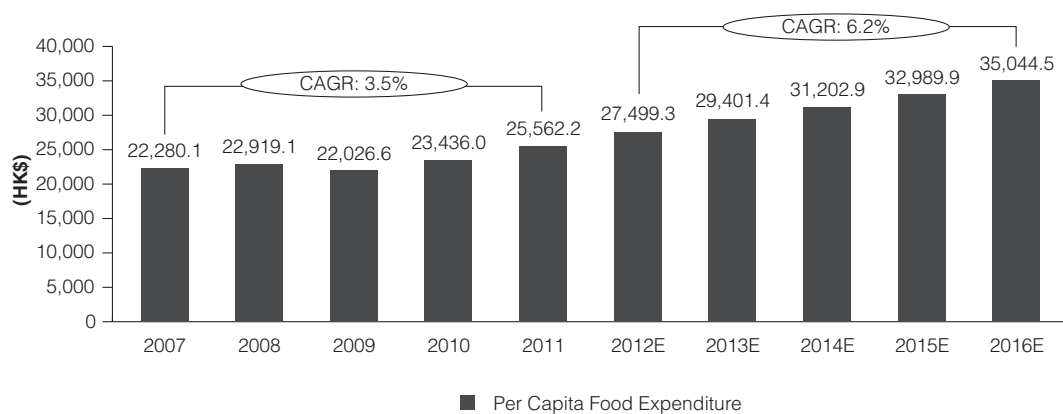


Source: Census and Statistics Department of the Government of Hong Kong, IMF and Frost & Sullivan Report

Disposable Income and Food Expenditure

According to the household expenditure survey conducted by the Census and Statistics Department of the Government of Hong Kong for the purpose of assessing the 2009/10-based composite consumer price index released in April 2011, approximately 27.5% of the household expenditure of residents in Hong Kong was spent on food, which ranks second after housing expenses of approximately 31.7%. Among the expenditure spent on food, approximately 17.1% of the spending represents meals bought away from home.

Illustrated in the graph below, the annual per capita food expenditure in Hong Kong experienced a decline in 2009 by 3.9%, and then recovered by 6.4% in 2010, in line with Hong Kong GDP trend during this period. The consumption was HK\$25,562.2 in value in 2011, with an annual growth rate of 9.1%. According to the Frost & Sullivan Report, per capita food expenditure in Hong Kong is expected to reach HK\$35,044.5 in 2016, representing a CAGR of 6.2% from 2012 to 2016.



Source: Census and Statistics Department of the Government of Hong Kong and Frost & Sullivan Report

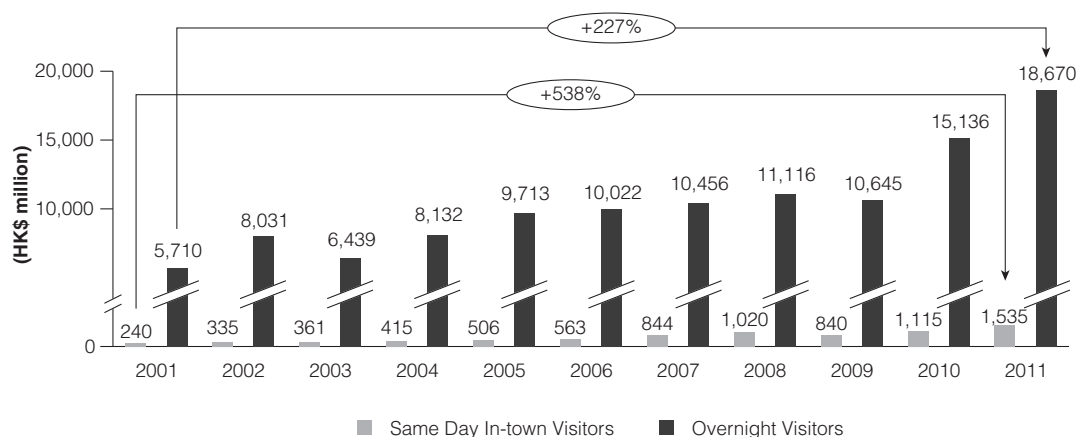
INDUSTRY OVERVIEW

Increased Tourism as a Driver of Growth

Financial services, trading and logistics, tourism, and producer and professional services are the four key industries of the Hong Kong economy. They have been the driving forces of Hong Kong's economic growth, providing the impetus for the growth of other sectors and creating employment. The restaurant industry is among one of the major segments in the tourism industry.

According to the Hong Kong Tourism Board, the total number of tourist arrivals in Hong Kong rose from approximately 15.5 million in 2003 to approximately 29.6 million in 2009, representing a CAGR of approximately 11.4%. The contribution from the expenditure associated with inbound tourism increased from approximately HK\$74.9 billion in 2003 to approximately HK\$162.9 billion in 2009.

According to the Frost & Sullivan Report, the total expenditure on dining by tourists in Hong Kong has grown steadily from 2001 to 2011, increasing from HK\$240 million to HK\$1,535 million for same day in-town visitors and from HK\$5.7 billion to HK\$18.7 billion for overnight visitors, respectively.



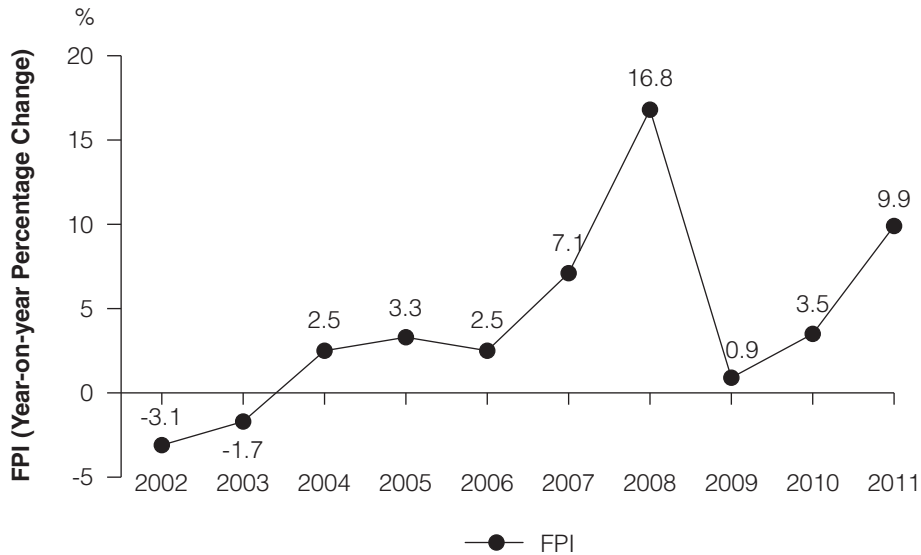
Note: Total expenditure on dining refers to total expenditure on meals outside hotels.

Source: Hong Kong Tourism Board and Frost & Sullivan Report

INDUSTRY OVERVIEW

Food Price Index

Food prices vary based on overall supply and demand as well as other factors including environmental conditions such as climate and natural disasters. The Food Price Index (FPI) showed a higher growth than that of Consumer Price Index (CPI) from 2007 to 2011. Especially in 2008, it reached 16.8% while CPI was only 4.3%. The following chart sets forth the year-on-year changes of the FPI in Hong Kong from 2002 to 2011:

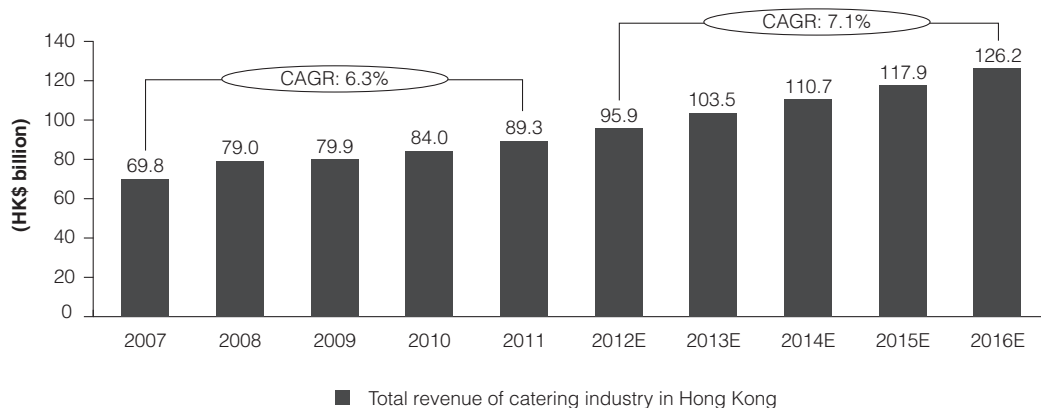


Source: Census and Statistics Department of the Government of Hong Kong, the International Monetary Fund (IMF) and Frost & Sullivan Report

Analysis of Hong Kong Catering Industry

Overview

From 2007 to 2011, the total revenue of the catering market in Hong Kong had increased from HK\$69.8 billion to HK\$89.3 billion. During the period from 2012 to 2016, the market size is expected to grow at a CAGR of 7.1%, to HK\$126.2 billion in 2016, according to the Frost & Sullivan Report.



Source: Census and Statistics Department of the Government of Hong Kong and Frost & Sullivan Report

INDUSTRY OVERVIEW

Market Segments

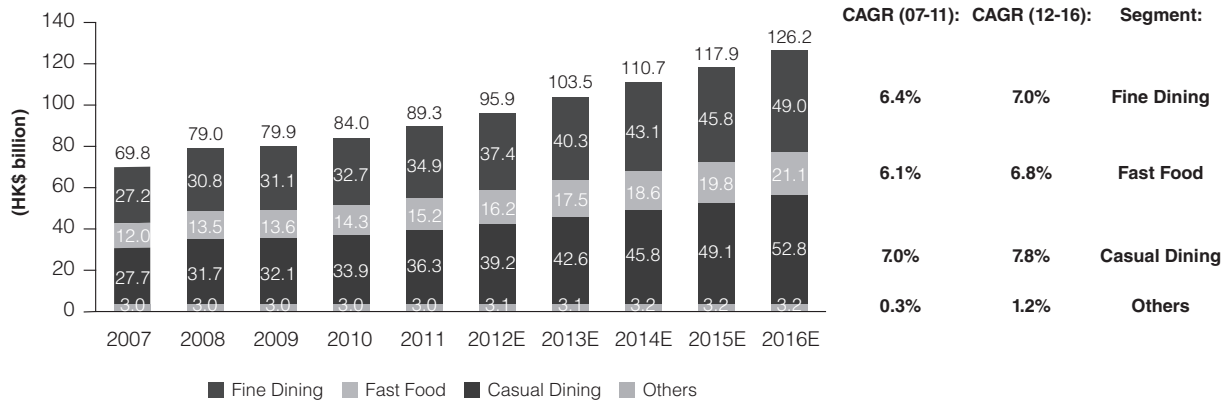
According to the Frost & Sullivan Report, the catering industry in Hong Kong and China can be further categorized based on operating models of restaurants and types of cuisine as follows:

Market Segment	Sub Market Segment	Definition
Fine Dining		Fine dining refers to the catering segment that is made up of traditional sit-down restaurants with full table service provided by waiters. Restaurants generally offer food at set lunch and dinner times rather than all day.
Casual Dining	Cha Chaan Teng	Casual dining refers to catering establishments that serve moderately priced food in a casual environment. They typically provide some table service. Opening times are longer and meal times are more flexible than those of fine dining. This segment comprises: <ul style="list-style-type: none"> • Cha Chaan Teng restaurants; • Western casual dining establishments; • Cafés, mainly serving coffee and snacks; • Tea houses, mainly serving tea and dim sum; and • Bars serving soft drinks, alcoholic drinks along with snacks.
	Western Casual Dining	
	Tea Houses	
	Cafés	
	Bars	
Fast Food		Fast food restaurants serve both Chinese and Western style food. Fast food is distinguished by fast and consistent food service. Fast food restaurants typically have order taking and cooking platforms designed specifically to order, prepare and serve menu items with speed and efficiency. The menus at most fast food restaurants serve standardised items. Typically, customers order at a counter and pick up food that is then taken to a seating area or consumed off the restaurant premises, with no table service.
Others		Other catering establishments include takeaway shops, hawker stalls, roadside vendors and those establishments not otherwise described in the organized segments above. This segment also includes event catering.

According to the Frost & Sullivan Report, there were 15,760 restaurants in Hong Kong's catering market in 2011. Of these, 34.9% were in the fine dining segment, 34.8% were in the casual dining segment, 11.8% were in the fast food segment and 18.5% were in the others segment by number of restaurants.

INDUSTRY OVERVIEW

The following graph shows the market size of each of these segments for the years 2007 to 2011 and projected contribution from 2012 to 2016.



Source: Census and Statistics Department of the Government of Hong Kong and Frost & Sullivan Report

The market size of the casual dining segment is the greatest among the four catering categories despite accounting for a smaller market share when calculated by number of restaurants. This is due to the fact that casual dining has the largest target audience given the affordability and variety in cuisine offerings. Further, casual dining establishments have more flexible food service times, longer business hours and serve a larger number of customers per establishment.

Restaurant Operating Models

Chain restaurants represent a significant proportion of restaurant establishments in Hong Kong. In 2011, the proportion of revenue of Hong Kong's catering market contributed by chain restaurants reached HK\$16.5 billion with a market share of 18.5%. Non-chain restaurants in Hong Kong catering market generated sales revenue of HK\$72.8 billion in 2011, which comprised 81.5% share of total revenue.

The number of, and revenue from, chain restaurants is anticipated to rise due to, among other things, the higher scalability and operational efficiency of restaurant chains compared with independent operations, and generally better access to financing by established restaurant chains compared with independent operations. According to the Frost & Sullivan Report, these factors will continue to contribute to the further growth of the chain restaurant segment.

INDUSTRY OVERVIEW

Analysis of the Casual Dining Segment

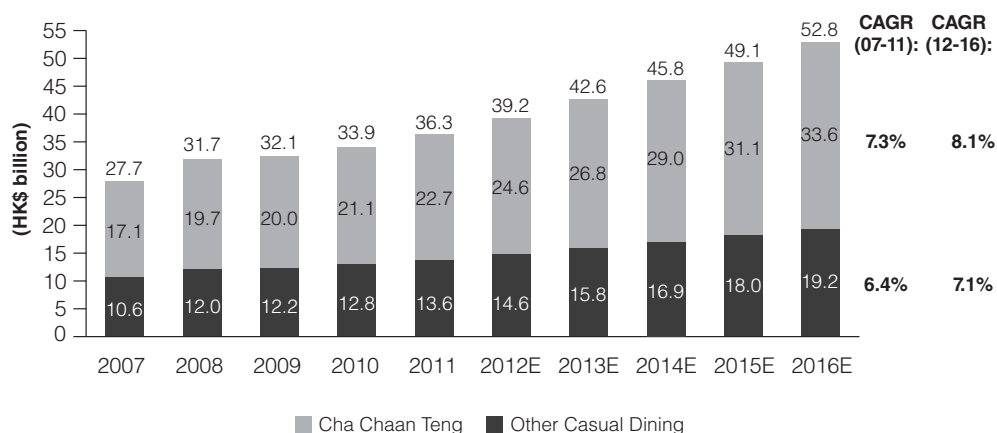
According to the Frost & Sullivan Report, casual dining establishments in Hong Kong and China can be classified into the following categories:

Categories of Casual Dining Establishments in Hong Kong and China	
Category	Definition
Cha Chaan Teng (茶餐廳)	<p>A style of casual restaurant or diner, with waiter service, that originated in Hong Kong. These restaurants serve affordable dishes which combines traditional Cantonese fare, such as milk tea, fish balls and pineapple buns, with Western and Asian elements, such as beef steak, Malaysian curry and Chiuchow-style noodles. A feature of Cha Chaan Teng restaurants are the set meals. There are various sets throughout the day for breakfast, lunch, afternoon tea and dinner. The lunch and dinner sets usually include a soup and a drink.</p> <p>The existence of Cha Chaan Teng restaurants is closely tied to the development of the history of Hong Kong. After World War II, western dining culture influenced the general public of Hong Kong significantly and western dishes were popular to the people in Hong Kong but they were not available at prices that the general public could afford. Bing Sut (冰室), the preceding establishments of Cha Chaan Teng, served semi-Western-style dishes at affordable prices to the general public of Hong Kong. Over the decades, Bing Sut evolved into Cha Chaan Teng and became a local and authentic dining culture of Hong Kong which combines traditional Cantonese fare, with Western and Asian elements. Many dishes were a fusion of both Chinese and Western style ingredients and cooking styles.</p> <p>Cha Chaan Teng restaurants are commonly found in Greater China, particularly Hong Kong, Macau and parts of Guangdong. Cha Chaan Teng restaurants in China serve traditional Cha Chaan Teng dishes and also incorporate local dishes specific to the region, such as those from Sichuan and Hunan cuisine, on their menus. Since the 1980s they can also be found in the Chinatown districts of many Western countries like Australia, Canada, United Kingdom and the United States.</p>
Western Casual Restaurants	An establishment serving moderately priced Western food in a casual atmosphere.
Tea Houses	Asian style restaurant serving dim sum and tea.

INDUSTRY OVERVIEW

Categories of Casual Dining Establishments in Hong Kong and China	
Category	Definition
Cafés	An establishment which focuses on serving coffee. Also refers to an informal restaurant offering a range of snacks and meal items typically known as a “coffee shop”.
Bars	An establishment focused on serving drinks, both alcoholic and non-alcoholic. Food items include simply cooked snacks.

Cha Chaan Teng restaurants account for the largest market share of the casual dining segment in Hong Kong in terms of revenue. Western casual restaurants form the second largest segment in terms of revenue in 2011. The following graph shows the contribution of different segments to the total market size of the casual dining market for the years 2007 to 2011 and projected contribution from 2012 to 2016.



Note: Other casual dining include western casual restaurants, tea house, cafés and bars.

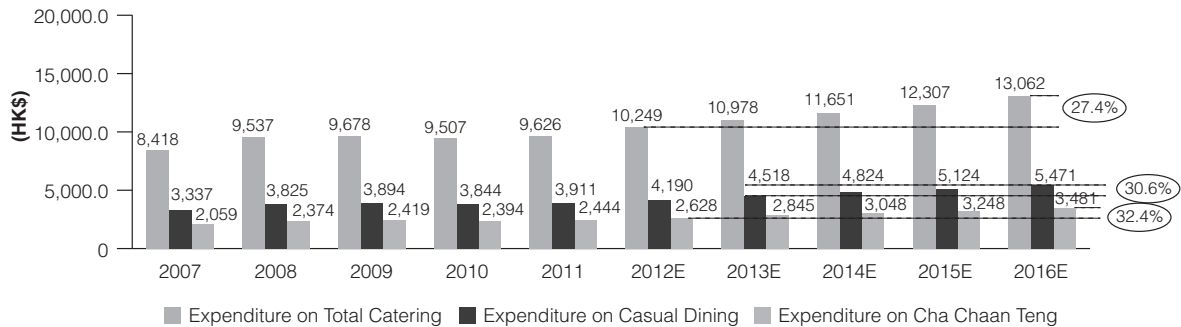
Source: Frost & Sullivan Report

Analysis of the Hong Kong Cha Chaan Teng Market

According to the Frost & Sullivan Report, Cha Chaan Teng restaurants are the most popular casual dining segment in Hong Kong and are expected to remain the preferred casual dining option.

INDUSTRY OVERVIEW

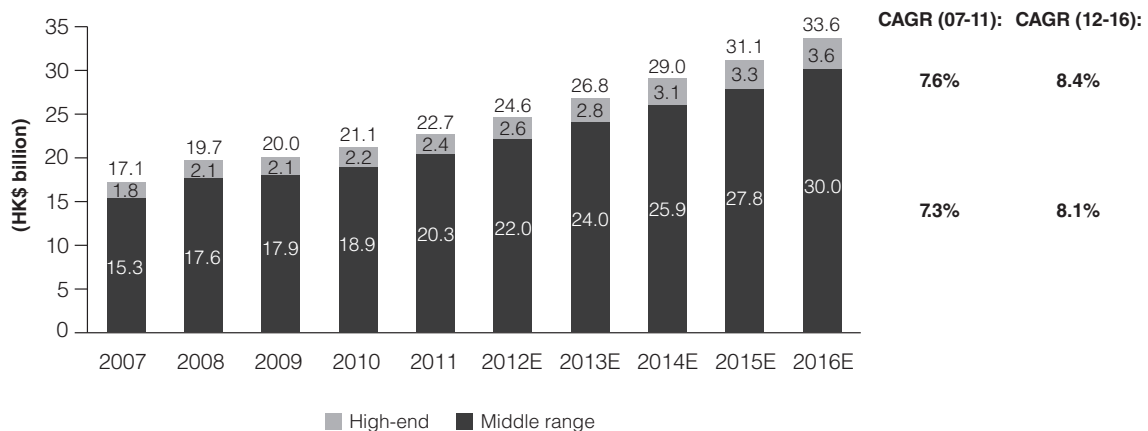
Annual per capita expenditure (for Hong Kong residents, excluding visitors) on total catering increased from HK\$8,418 in 2007 to HK\$9,626 in 2011, representing a growth rate over the period of 14.4%. The annual per capita expenditure on casual dining for such customers grew from HK\$3,337 in 2007 to HK\$3,911 in 2011, representing a higher growth rate over the period of 17.2%. The annual per capita expenditure on the Cha Chaan Teng, a subcategory of casual dining, grew from HK\$2,059 in 2007 to HK\$2,444 in 2011, representing a growth rate over the period of 18.7%. According to the Frost & Sullivan Report, per capita expenditure on the Cha Chaan Teng is expected to reach HK\$3,481 in 2016, representing a growth rate over the period of 32.4%.



Note: Per capita refers to local resident in Hong Kong, visitors are excluded. The market size used to calculate per capita expenditure excludes the part that was contributed by visitors.

Source: Frost & Sullivan Report

According to the Frost & Sullivan Report, high-end Cha Chaan Teng restaurants normally meet certain quantitative conditions in terms of annual sales revenue, per capita consumption and qualitative conditions such as capacious operating area, comfortable dining ambience, and tasty dishes. The annual sales revenue of high-end Cha Chaan Teng restaurants should exceed HK\$18 million and the per capita consumption should be over HK\$50. Other Cha Chaan Teng restaurants are classified into the middle range market segment.



Note: The annual sales revenue of high-end Cha Chaan Teng should exceed HK\$18 million and the per capita consumption should be over HK\$50.

Source: Frost & Sullivan Report

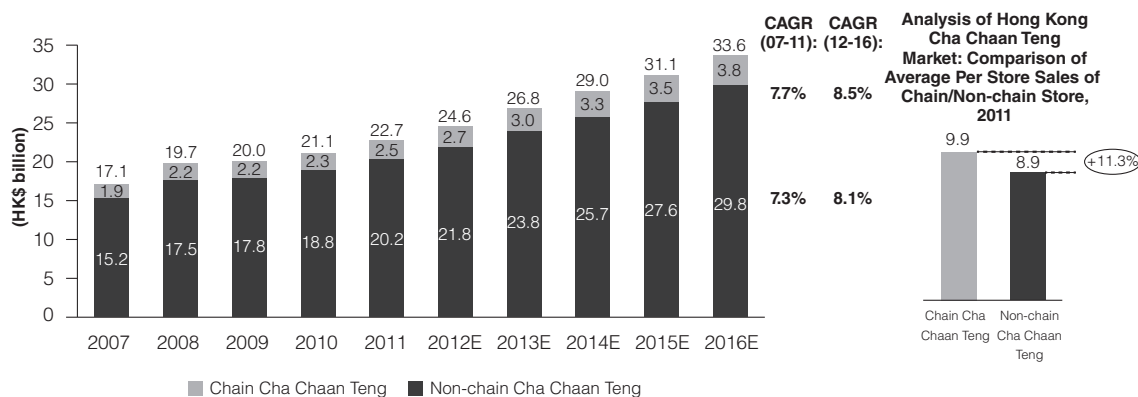
INDUSTRY OVERVIEW

Cha Chaan Teng Restaurant Breakdown by Operating Model

For the purposes of the Frost & Sullivan Report, chain restaurants refer to restaurants that have two or more stores with the same name that are either under shared corporate ownership or franchising agreements.

The Frost & Sullivan Report analysis of the Cha Chaan Teng industry shows that in 2011, there were a limited number of Hong Kong-wide chains and that the market is dominated by independent restaurant operations. In 2011, 10.1% of the 2,520 Cha Chaan Teng restaurants in Hong Kong were classified as chain restaurants and 11.1% of the HK\$22.7 billion revenue from Cha Chaan Teng restaurants in 2011 came from chain stores.

Of all the chain Cha Chaan Teng companies, less than five companies have over 10 stores and the majority of companies have only two to three stores. The average per store sales of chain Cha Chaan Teng restaurants was HK\$9.9 million, 11.3% higher than that of non-chain Cha Chaan Teng in 2011, since chain stores have the competitive advantages of prestigious brand image, higher per capita expenditure and larger customer base. Due to the advantages enjoyed by having economies of scale such as using central kitchen, chain Cha Chaan Teng also enjoy higher profitability. See “— Competitive Landscape of Chain Cha Chaan Teng Restaurants” below for more detailed analysis of chain Cha Chaan Teng restaurants.



Source: Frost & Sullivan Report

Competitive Landscape of Chain Cha Chaan Teng Restaurants

The Cha Chaan Teng Market is highly fragmented. The market has low barriers to entry with relatively low capital requirements and levels of operational skill needed to establish a business, which is why Cha Chaan Teng restaurants have traditionally been family owned and operated.

INDUSTRY OVERVIEW

Chain Cha Chaan Teng operators have entered the market and gained considerable market share and increased market penetration as illustrated by the following table prepared by Frost & Sullivan:

Analysis of Hong Kong Cha Chaan Teng Chain Restaurant Market by Number of Restaurants (2011)

Criterion of Tiers: Number of Restaurants	Approximate Number of Operators	Approximate Revenue Share
1 10 or more restaurants	4	7.4%
2 2–9 restaurants	30	7.2%
3 1 restaurant	2,000	85.4%

This effective market penetration by chain Cha Chaan Teng restaurant operators is a function of a number of factors including:

- **Number of restaurants** — the number of restaurants is directly proportional to the revenue share per operator.
- **Dining ambience** — typically chain Cha Chaan Teng are in the high-end category of Cha Chaan Teng. They have a greater operational floor area than stand-alone restaurants and typically the décor and amenities are of a higher standard. Additionally, customers are confident that they will be able to enjoy consistent taste and comfortable dining experience at different outlets under the same brand.
- **Geographic location of restaurants** — typically chain Cha Chaan Teng are located in areas with high footfall and are spread across Hong Kong Island, New Territories and Kowloon, capturing customers in all areas.
- **Number of seats per store** — chain Cha Chaan Teng typically have larger operational floor area and the number of seats per store is greater than non-chain restaurants.
- **Brand awareness and marketing** — chain Cha Chaan Teng have an established corporate image and the brand is already widely recognized. Customers are usually more comfortable dining at restaurants that they are familiar with and working with companies they already know and trust.
- **High turnover rate** — typically chain Cha Chaan Teng have a greater turnover rate, which is defined as how many times each seat in the restaurant is occupied per day, often due to the fact that chain Cha Chaan Teng are open longer hours than non-chain restaurants.
- **Greater average check size** — typically chain Cha Chaan Teng are in the high-end category of Cha Chaan Teng and have higher average menu prices and consequently greater check sizes.
- **Greater operational efficiencies** — typically chain Cha Chaan Teng can take advantage of their scale of output that allows the average cost of purchasing and producing food to be less than that of non-chain restaurants.

INDUSTRY OVERVIEW

Frost & Sullivan has compiled the following table on the top ten chain Cha Chaan Teng restaurant operators in Hong Kong, selected and ranked in terms of revenue in the year ended December 31, 2011, as of December 2011:

Brand	Revenue		Turnover rate	Annual per store sales	Average daily revenue	Average daily no. of invoice	Average check size	Average menu price	Total no. of restaurants	No. of Restaurants			
	in the year ended									New Territories	No. of seats		
	December 31, 2011	Market share										Hong Kong	Kowloon
	(HK\$ million)	(%)											
Tsui Wah Restaurant	722	3.2	11.47	40.4	105.6	806	90	37	19	7	7	5	2,950
Tai Hing Roast Restaurant	497	2.2	10.72	19.3	49.3	470	61	33	28	10	13	5	2,510
Tai Hing New Century	305	1.3	9.67	27.7	77.0	741	66	33	11	1	9	1	1,630
Ngan Lung Restaurant	270	1.2	9.80	20.1	53.6	589	52	30	14	2	3	9	1,675
Macau Restaurant	156	0.7	10.44	31.3	86.7	825	35	32	5	3	2	—	820
Maxim's Hong Kong Day	63	0.3	8.39	13.6	29.2	331	30	30	6	4	1	1	630
Ming Yuen Restaurant	60	0.3	10.80	15.0	41.7	502	33	29	4	—	4	—	360
Lan Fong Yuen	46	0.2	11.43	12.1	31.9	343	44	29	4	3	1	—	295
Fu Doo Restaurant	43	0.2	10.32	10.7	43.8	554	30	27	4	—	1	3	285
Macau Tsui Yuen Restaurant	37	0.2	10.49	9.3	25.7	306	29	27	4	—	3	1	230

Note: The data above is based on the assumption that the number of operating days of the restaurants is 365 days annually.

Analysis of the Hong Kong Cha Chaan Teng Market Drivers and Development Trends

Current Market Drivers

Affluent Economy with High Per Capita Income

Hong Kong is an affluent and growing economy. Nominal GDP in Hong Kong grew from approximately HK\$1,622.3 billion in 2009 to approximately HK\$1,923.2 billion in 2011. Per capita discretionary spending on food has also increased commensurately. Dining plays an important role in Hong Kong people's lives while consumption demand from local residents sustains the growth of Hong Kong's catering industry.

Hong Kong consumers tend to be value focused, which means demand for affordable yet casual dining options, such as Cha Chaan Teng, is expected to continue to increase.

Increased Tourism from China

Performance of Hong Kong catering industry is highly correlated with that of Hong Kong tourism industry. In 2011, Hong Kong received a record-high of 42 million visitors from around the world, which was a remarkable increase of 16.4% over 2010, according to the Tourism Commission of the Commerce and Economic Development Bureau of Hong Kong. In 2011, China continued to be the single largest visitor source of Hong Kong with 28.1 million arrivals, accounting for 67.0% of total arrivals. Amongst all China arrivals, 14.5 million (51.6%) were same-day visitors, up by 31.7% year-on-year. 65.3% or 18.3 million visitors came to Hong Kong under the Individual Visit Scheme, up by 28.8% year-on-year.

The increasing number of visitors to Hong Kong leads to a rise in the demand for catering industry. Particularly, local and traditional Hong Kong style restaurant, such as Cha Chaan Teng, dim sum, street food stalls (Dai Pai Dong), which provide an authentic Hong Kong dining experience, are gaining popularity among tourists.

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Changing Lifestyle and Demographic Profile

Hong Kong consumers are leading a faster-paced way of life, leaving them with less time and desire to prepare meals at home, and, as a result of their busy schedules, convenience is becoming an increasingly important criterion in their food purchasing decisions.

Further, with an increasing number of women in the Hong Kong work force, the growth in the number of single person households and an aging population, it has led to more potential opportunities in the Cha Chaan Teng sector as customers seek out affordable and flexible dining options that suit their lifestyles.

Hong Kong as a Gateway to China

Hong Kong is one of the most open and trade-dependent economies in the world. The signing of the Closer Economic Partnership Agreement (CEPA) in 2003 with China allows Hong Kong to have preferential access to China's service industries. Hong Kong has established itself as the financial center for capital raising in the primary markets for domestic Chinese companies. Currently, the government foresees greater integration with the Pearl River Delta economies as the biggest potential for sustained growth. With a cooling in, and a diminishing role of, construction activity, Hong Kong has the opportunity to become the service industry's base to spur the tertiary sector in China.

Current Market Trends

Hong Kong as a Brand Platform for China and Asia

Due to geographical proximity, mature logistic infrastructure, reliable finance and banking systems, linguistic and cultural similarities and good political and trading relations, Hong Kong acts as a gateway to the China market. A base market in Hong Kong provides enterprises with business channels and exposure to build up brand image both regionally and worldwide.

Increased Market Commitment by Leading Participants

The strong growth as well as relatively high margin of the chain Cha Chaan Teng restaurants in Hong Kong have encouraged existing brand owners to show increased commitment to further expand by increasing penetration in existing markets as well as entering into new markets. Brand owners' further sales penetration and marketing efforts are expected to drive up the total sales value of the high-end Hong Kong Cha Chaan Teng chains in the future.

B. CHINA

Characteristics of the Economy Relevant to the Cha Chaan Teng Industry

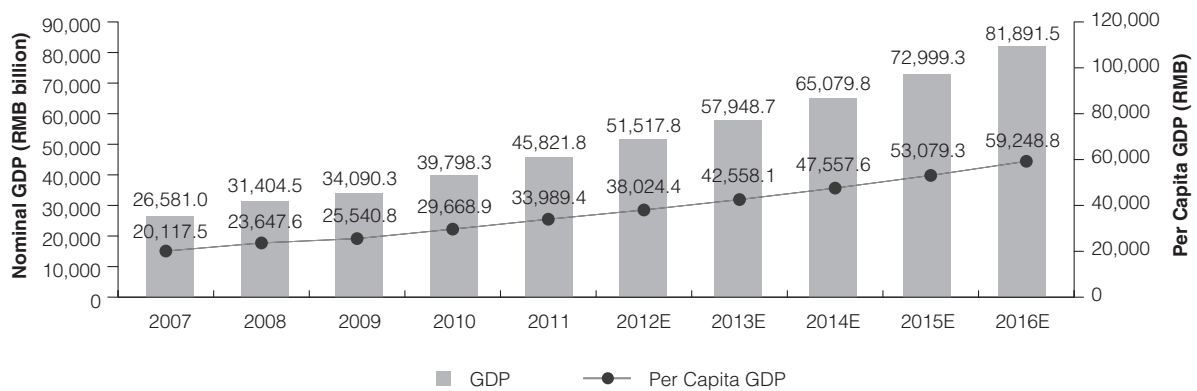
Large Population and strong GDP growth

With a population of over 1.3 billion, China is the most populous country in the world. China's GDP has grown rapidly since economic reforms began in the late 1970s. In recent years, although not entirely immune to the global economic downturn, China has experienced significantly less impact from the recent global financial crisis and a quicker recovery than many other countries in the world. According to National Bureau of Statistics, China's GDP grew at a rate of 8.6% from 2008 to 2009. China's economy continued to

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grow at a rate of 9.5% over 2010, reaching RMB45,821.8 billion in 2011. The Chinese government announced several significant investment policies with definite targets for the various industries to support economic growth during the 12th five-year period. Based on these strong investment policies and an awareness of the need to balance the economic structure between investment and domestic consumption, the Frost & Sullivan Report estimates that the economic expansion in China in terms of nominal GDP is expected to grow at a CAGR of 12.3% from 2012 to 2016.

China's per capita GDP has also grown over the past five years, with relatively slower growth in 2009 due to the financial crisis. Domestic demand has played an increasing important role in driving GDP growth, contributing to 92% of China's 10.3% GDP growth from 2009 to 2010. In 2011, the GDP per capita reached RMB33,989.4, and IMF estimates that it will increase to RMB59,248.8 in 2016, representing a CAGR of 11.7% from 2012 to 2016.



Source: National Bureau of Statistics, IMF and Frost & Sullivan Report

Rapid Increase Urbanization Rate

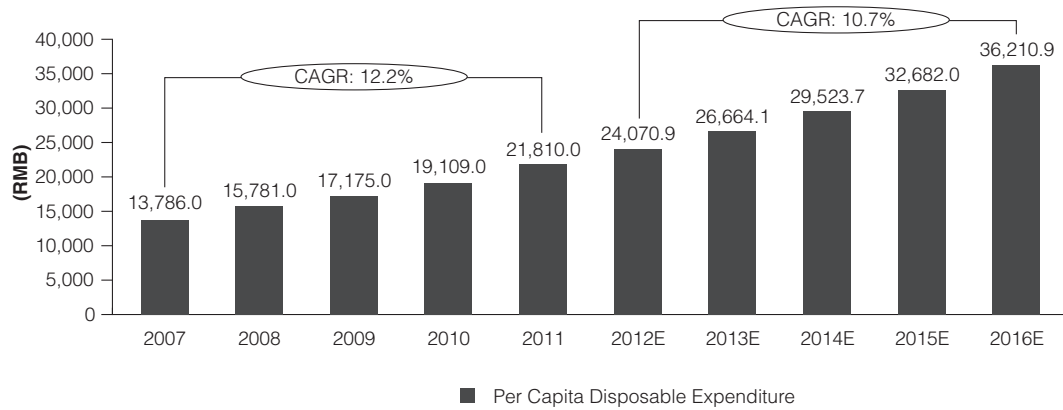
Rapid economic development in China has contributed to an accelerating trend towards urbanization and an increasingly affluent population. With the migration of rural population to urban areas and the transformation of towns into large cities, urbanization in China has accelerated as a result of the rapid industrialization. From 2007 to 2011, the urbanization rate in China increased from 44.9% to 50.4%. Frost & Sullivan anticipates that the urbanization rate in China to reach 53.1% in 2016.

Increasing Disposable Income and Drivers of Growth

As a result of China's rapid economic development, living standards have improved, as reflected in the increase in income and consumption levels of both urban and rural households. Further recent tax reforms approved an increase in the individual income tax free threshold to RMB3,500 per month for Chinese nationals and a new streamlined schedule of tax brackets. The lowest tax bracket will be reduced from 5 to 3 percent and will cover a larger number of workers in a move widely viewed as a reaction to public concerns over inflation and rising food prices.

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Per capita disposable income in China increased from RMB13,786.0 in 2007 to RMB21,810.0 in 2011, representing a CAGR of 12.2%. Frost & Sullivan expects this figure will continue to rise to RMB36,210.9 in 2016, representing a CAGR of 10.7%.

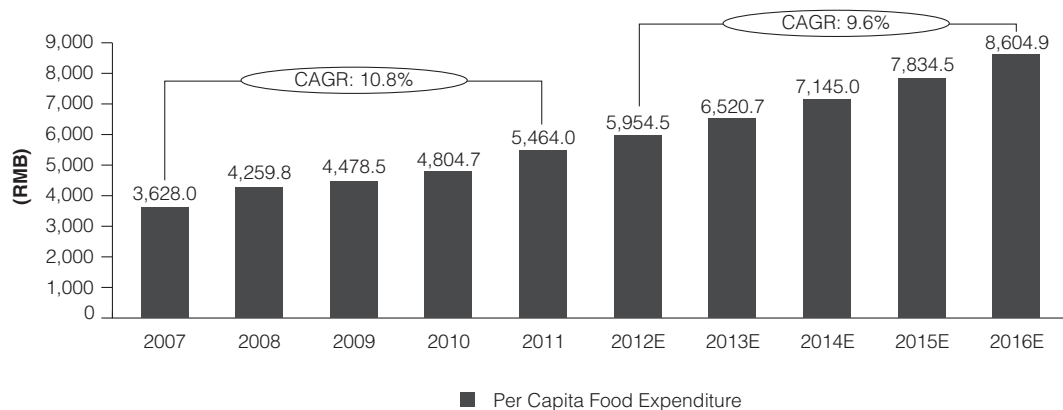


Source: National Bureau of Statistics, IMF and Frost & Sullivan Report

Per Capita Food Expenditure

The per capita food expenditure in China has grown at a CAGR of 10.8% from 2007 to 2011. Annual per capita food expenditure in 2011 was RMB5,464.0 growing at an annual rate of 13.7%, which almost doubled the growth rate figure for 2010, representing strong recovery from the global financial crisis.

As a result of China's robust economic growth, increasing disposable income, rapid urbanization and growing income and consumption, the number and frequency of consumers dining out in China have increased. Today, dining out is not only convenient, but has also become a social event for most consumers. In addition, given a faster pace of life and increasing disposable income, more consumers prefer to dine out to enjoy the food and dining atmosphere with friends or business associates. Smaller family size and an increasing percentage of women in the workforce also contribute to growth in dining out. With these factors in mind, Frost & Sullivan projects per capita food expenditure in China to reach RMB8,604.9 in 2016, representing a CAGR of 9.6% from 2012 to 2016.



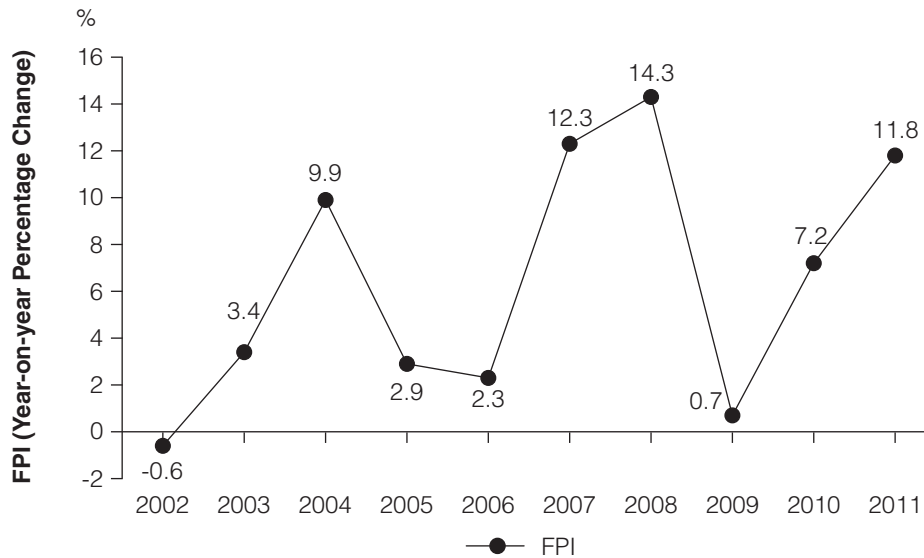
Source: National Bureau of Statistics and Frost & Sullivan Report

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Food Price Index

Food prices vary based on overall supply and demand as well as other factors including environmental conditions such as climate and natural disasters. The FPI in China fluctuated during the past decade with the highest growth of 14.3% in 2008 and a negative growth of -0.6% in 2002. The food inflation in China hit a record high in 2008, then dropped at 0.7% in 2009. In the past three years, with the uncertainty of demand and supply of global food markets, the FPI in China has been increasing and is anticipated to continue to be impacted by the volatile global economic situation, global merchandise trade market, and increased costs for domestic food suppliers.

The following chart sets forth the year-on-year changes of the FPI in China from 2002 to 2011:



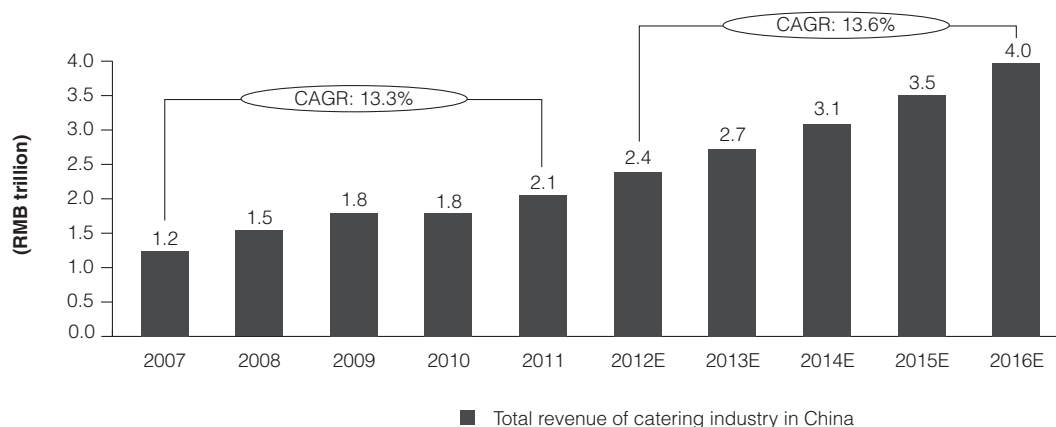
Source: National Bureau of Statistics, IMF and Frost & Sullivan Report

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Analysis of the China Catering Industry

Overview

From 2007 to 2011, the total revenue of the catering market in China had increased from RMB1.2 trillion to RMB2.1 trillion, representing a CAGR of 13.3%. During the period 2012 to 2016, the market size is expected to grow at a CAGR of 13.6%, reaching RMB4.0 trillion in 2016, according to the Frost & Sullivan Report.



Source: National Bureau of Statistics and Frost & Sullivan Report

Market Segments

For the purposes of the Frost & Sullivan Report, the catering industry in China is categorized based on restaurant operating model and types of cuisine in the same manner as indicated above in “— Analysis of the Hong Kong Catering Industry — Market Segments”. As before, these segments are:

- Fine dining;
- Casual dining;
- Fast Food; and
- Others.

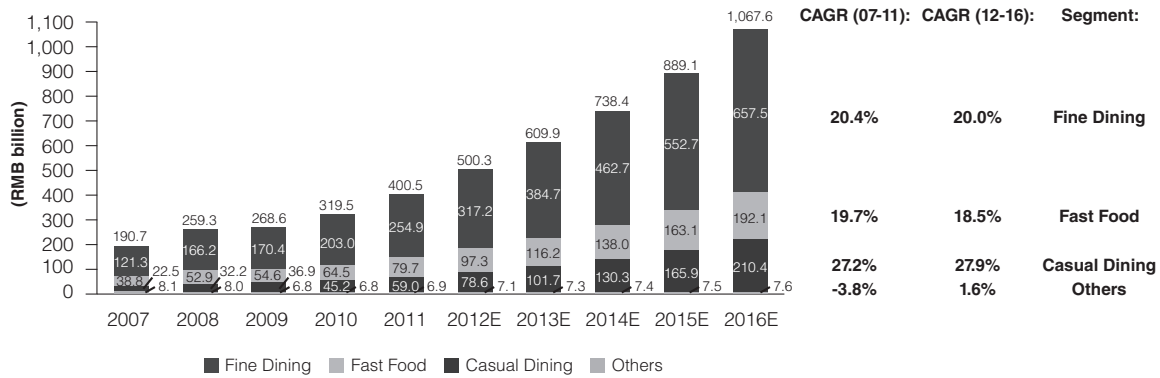
See the table in “— Analysis of the Hong Kong Catering Industry — Market Segments” in this section above for definitions.

According to the Frost & Sullivan Report, there were 42,349 restaurants above the designated size in China’s catering market in 2011. For the purposes of the Frost & Sullivan report only those restaurants that generated revenue annual sales revenue of over RMB2 million were defined as restaurants above the designated size and analyzed. From 2007 to 2011, revenue generated by restaurants above the designated size in China increased from RMB190.7 billion to RMB400.5 billion, representing a CAGR of 20.4%. According to Frost & Sullivan, this market is expected to grow at a CAGR of 20.9% in the years between 2012 and 2016 with total sales revenue reaching RMB1,067.6 billion in 2016.

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Of the 42,349 restaurants above the designated size, 45.6% were in the fine dining segment, 25.0% were in the casual dining segment, 23.0% were in the fast food segment and 6.4% were in the others segment.

The following graph shows the contribution of each of these segments to the total catering market for the years 2007 to 2011 and projected contribution from 2012 to 2016.



Source: Frost & Sullivan Report

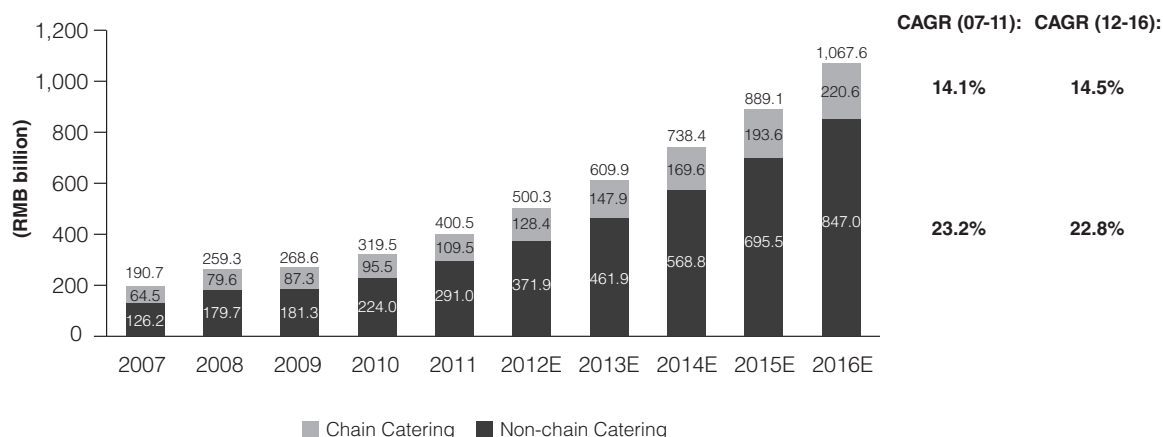
Casual dining represented only 14.7% of the total China catering market in 2011 with sales revenue of RMB59.0 billion in 2011; however, this segment has been growing at a CAGR of 27.2% in the past five years, the fastest growing segment in the catering industry. Further, according to the Frost & Sullivan Report, casual dining is expected to grow at a CAGR of 27.9% in the next five years, reaching RMB210.4 billion in 2016. In comparison, fine dining and fast food are expected to increase with a relatively modest growth rate of 20.0% and 18.5% respectively during the period.

Restaurant Operating Models

Chain restaurants represent a significant proportion of restaurant establishments in China. In 2011, of the total 42,349 restaurants above the designated size, the proportion of chain restaurants was 40.5%.

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From 2007 to 2011, the total sales value of chain restaurants increased from RMB64.5 billion to RMB109.5 billion with a market share of 27.3% in 2011. In the next five years, sales revenue from chain restaurants is estimated to reach RMB220.6 billion representing a CAGR of 14.5%.



Source: Frost & Sullivan Report

Although independent operations still represent the majority in China's catering segment for a number of reasons including difficulties in satisfying different regional tastes throughout China, the market share of chains has continued to rise in recent years due to, (i) greater population mobility reducing regional taste barriers, (ii) increased consumer concerns over food safety issues, making branded restaurant chains the more attractive choice, (iii) the higher scalability and operational efficiency of restaurant chains compared with independent operations, and (iv) generally better access to financing by established restaurant chains compared with independent operations. Factors such as these will continue to contribute to further growth in the chain catering segment.

Analysis of the China Casual Dining Segment

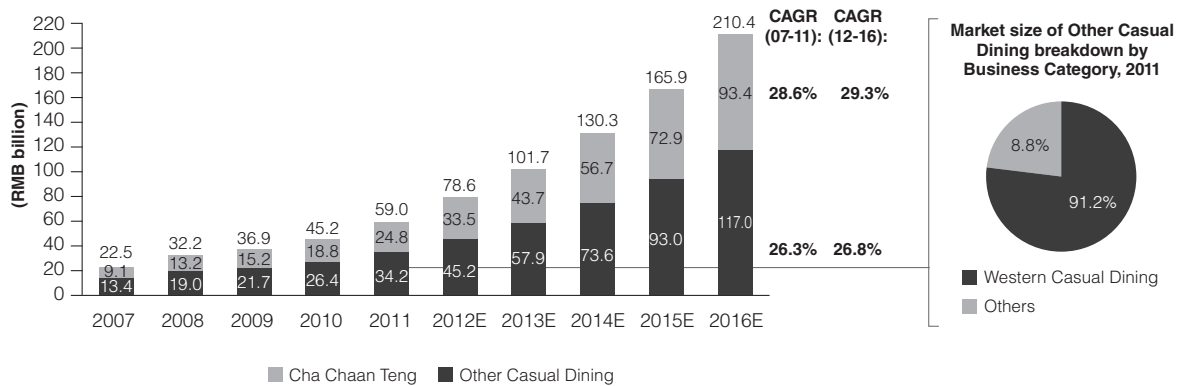
According to the Frost & Sullivan Report, the casual dining market in China can be classified in the same manner as indicated outlined above in the section "— Analysis of the Casual Dining Segment". As before, these classifications are:

- Cha Chaan Teng restaurants, although Cha Chaan Teng restaurants in China serve traditional Cha Chaan Teng dishes, they also incorporate local dishes specific to the region, such as those from Sichuan and Hunan cuisine, on their menus;
- Western casual restaurants;
- Cafés, mainly serving coffee and snacks;
- Tea houses, mainly serving tea and dim sum; and
- Bars serving soft drinks and alcoholic drinks.

See the table in the "— Analysis of the Casual Dining Segment" in the section above for definitions.

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Cha Chaan Teng restaurants hold a significant share of the casual dining segment in China in terms of revenue. The following graph shows the contribution of each of Cha Chaan Teng and other casual dining segments to the total market size of the casual dining market for the years 2004 to 2011 and projected contribution from 2012 to 2016.



Note: Other casual dining include western casual restaurants, tea houses, bars and café.

Source: Frost & Sullivan

Analysis of the China Cha Chaan Teng Market

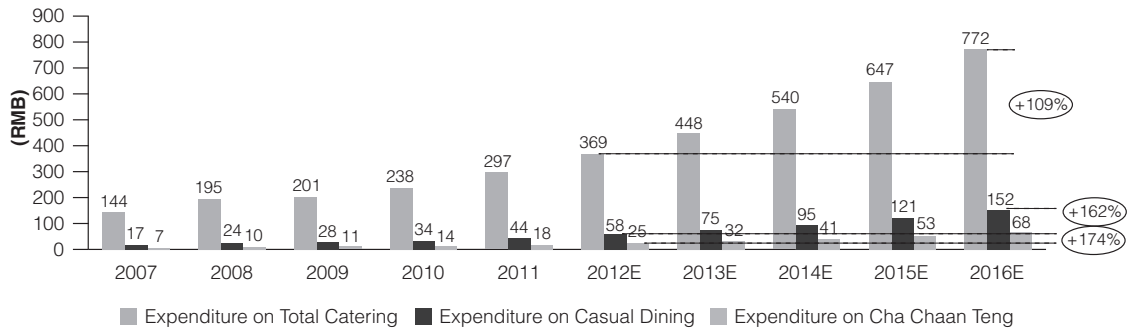
Cha Chaan Teng restaurants entered the China casual dining market in the late 1990s. They opened first in major costal cities, particularly Guangdong and Shanghai and some Southern Chinese cities. A second wave of openings began in 2007 in the Pearl River delta area and at the same time in the cities in Northern China. They have rapidly become a favored dining option for Chinese customers. In 2011 there were 3,728 Cha Chaan Teng restaurants in China and Frost & Sullivan expects the Cha Chaan Teng segment to grow at a faster pace among all the casual dining segments to 2016.

This growth is in part due to the fact that the menu offerings at Cha Chaan Teng restaurants appeal to traditional Chinese tastes as the style of typical Hong Kong dishes on offer are not dissimilar to Chinese fare, however, most Cha Chaan Teng restaurants also serve Western food or fusion food for customers, adding more variety to their menus. Additionally, Cha Chaan Teng restaurants are open long hours and do not have set lunch and dinner times, which allow for more dining flexibility.

Total annual per capita expenditure on catering reported an aggregated increase of 106% from RMB144 in 2007 to RMB297 in 2011, among which the annual per capita expenditure on casual dining increased by 157% from RMB17 to RMB44. Cha Chaan Teng, a subcategory of casual dining, showed an aggregated growth rate of 168% from RMB7 in 2007 to RMB18 in 2011. The rapid growth in the total catering industry and particularly in the Cha Chaan Teng category, was due to the significant growth in per capita annual disposable income, the urbanization process, and changes in consumers consumption patterns that have increased the acceptance of, and preference for, casual dining.

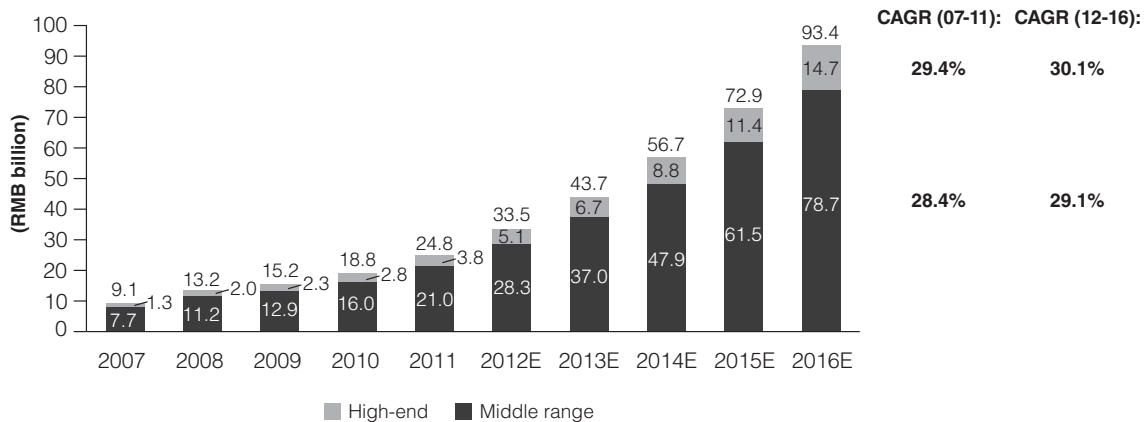
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According to the Frost & Sullivan Report, the annual per capita expenditure on total catering is expected to reach RMB772 in 2016 and the per capita expenditure on Cha Chaan Teng is expected to reach RMB68 in 2016, with an aggregated growth rate of 174%.



Source: Frost & Sullivan

According to the Frost & Sullivan Report, high-end Cha Chaan Teng restaurants normally meet certain quantitative conditions in terms of annual sales revenue, per capita consumption and qualitative conditions such as capacious operating area, comfortable dining ambience, and tasty dishes. The annual sales revenue of high-end Cha Chaan Teng restaurants should exceed RMB20 million and the per capita consumption should be over RMB55. Other Cha Chaan Teng restaurants are classified into the middle range market segment.



*Note: The annual sales revenue of high-end Cha Chaan Teng should exceed RMB20 million and the per capita consumption should be over RMB55.

Source: Frost & Sullivan

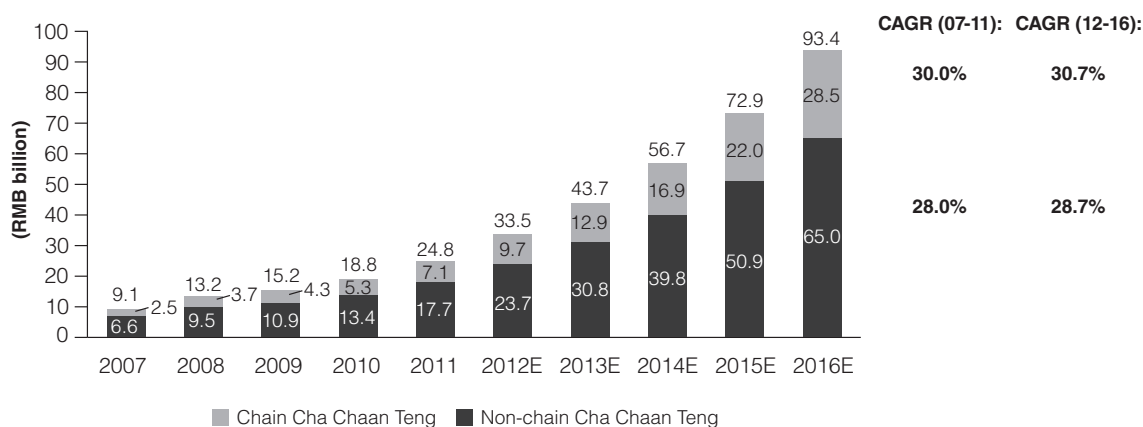
Cha Chaan Teng Restaurants Breakdown by Operating Model

As in the discussion of the Hong Kong Cha Chaan Teng market, for the purposes of the Frost & Sullivan Report, chain restaurants refer to restaurants that have two or more stores with the same name that are either under shared corporate ownership or franchising agreements.

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Although the majority of Cha Chaan Teng restaurants in China are independent restaurant operations, in 2011 a significant 27.5% of the 3,728 Cha Chaan Teng restaurants in China were classified as chain restaurants and these chain Cha Chaan Teng held 28.6% of the RMB24.8 billion revenue of Cha Chaan Teng restaurants in 2011.

From 2007 to 2011, the chain Cha Chaan Teng market in China experienced robust growth, with sales revenue rising from RMB2.5 billion to RMB7.1 billion. The sales revenue of non-chain Cha Chaan Teng is estimated to increase from RMB17.7 billion in 2011 to RMB65.0 billion in 2016, representing a CAGR of 28.7%. This is, in part, due to the rising spending power of Chinese consumers together with their increasing focus on quality of the food and preference for established restaurant chains, especially in light of the series of highly publicized food safety issues in recent years in China.



Source: Frost & Sullivan

Competitive Landscape of Chain Cha Chaan Teng Restaurants

In general, chain Cha Chaan Teng restaurants in China is at an early stage of development, with a limited number of nationwide chains in a market dominated by independent restaurant operations. The limited number of nationwide chains in this market is primarily due to (i) the greater focus on ambiance and quality of the food compared with low-end market, and (ii) the generally higher capital expenditure per restaurant compared with low-end restaurants.

Chain Cha Chaan Teng restaurant operators have entered the market and gained considerable market share and increased market penetration as illustrated by the following table prepared by Frost & Sullivan:

Analysis of China Cha Chaan Teng Chain Restaurant Market by Number of Restaurants (2011)

Criterion of Tiers: Number of Restaurants	Approximate Number of Operators	Approximate Revenue Share
1 10 or more restaurants	6	6.7%
2 2-9 restaurants	900	22.2%
3 1 restaurant	2,700	71.1%

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This effective market penetration by chain Cha Chaan Teng restaurant operators is a function of similar factors to those set out above in “— Analysis of the Hong Kong Cha Chaan Teng Market — Cha Chaan Teng Restaurants Breakdown by Operating Model — Competitive Landscape of Chain Cha Chaan Teng Restaurants”.

Frost & Sullivan has compiled the following table on certain chain Cha Chaan Teng restaurant operators in China, which we believe are major competitors of the Company in China, as of December 2011:

Brand	Revenue in		No. of Restaurants									
	the year		Annual	Average	Average	Average	Total no.					
	ended	Turnover						per store	daily	daily no.	check size	menu
	December	rate	sales	revenue	of invoice		price	restaurants	North	South	East	seats
31, 2011	(RMB million)	(Customer/ Seat/Day)	(RMB million)	(RMB'000)		(RMB)	(RMB)					
Bi Feng Tang												
Delicious Food.	560	4.33	19.2	48.6	383	127	36	32	1	—	31	6,595
Xinwang Restaurant	275	5.05	26.6	69.4	469	148	39	11	—	—	11	3,085
Charme Restaurant.	283	5.29	26.9	71.5	395	181	48	11	3	—	8	2,650
Tai Hing Roast Restaurant	198	5.09	17.0	45.8	355	129	41	12	3	6	3	2,080
Lisboa Restaurant	175	5.16	25.0	69.4	489	142	33	7	—	—	7	1,545
Coolboy Cha Chaan Teng.	157	4.91	22.4	62.3	461	135	32	7	7	—	—	1,380
Bamboo Village.	120	4.82	16.2	37.0	301	123	31	9	—	—	9	1,790
Uncle Restaurant.	118	4.95	10.7	29.8	314	95	31	11	—	10	—	1,870
Shenzhen Zhengpin Café	97	4.62	9.7	26.9	317	85	16	10	—	10	—	1,528
Jeawa Restaurant	56	4.85	11.2	31.1	232	134	29	5	—	—	5	830
Tsui Wah Restaurant.	56	6.18	27.9	77.8	418	186	55	2	—	—	2	552

Note: The data above is based on the assumption that the number of operating days of the restaurants is 365 days annually.

Chain Cha Chaan Teng restaurants have an established reputation for consistent food quality and better ambience, hence will be better positioned to leverage this growth opportunity and expand their scale rapidly. The currently established chain Cha Chaan Teng restaurants have the first mover advantage of higher market awareness, relatively easier access to financing, and greater economies of scale as they continue to expand their networks. As a result, Frost & Sullivan expects that the chain Cha Chaan Teng segment will outgrow the non-chain Cha Chaan Teng market.

Location of Chain Cha Chaan Teng Restaurants

Chain Cha Chaan Teng operations are concentrated in major cities in China and, due to regional variations in consumer taste, leading chain operators usually exhibit strength within specific cities. Some chain operators first enter into affluent cities as their core market, and subsequently expand into surrounding regions.

According to the Frost & Sullivan Report, of the ten chain Cha Chaan Teng restaurant operators in China which we believe are major competitors of the Company, seven have a presence in Shanghai, which is the city with the greatest number of chain Cha Chaan Teng restaurants at 72. Beijing has seven chain Cha Chaan Teng restaurants, operated by three chain companies, Guangzhou has one chain operator with ten restaurants and two operators have a presence in Shenzhen, operating 16 restaurants in total.

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Analysis of the China Chain Cha Chaan Teng Market Drivers and Development Trends

Current Market Drivers

Economic Growth and Higher Per Capita Income

The economic growth of China has accelerated significantly since 2007. Per capita GDP has risen from RMB20,117.5 in 2007 to RMB33,989.4 in 2011, according to the National Bureau of Statistics and the Frost & Sullivan Report. This has directly benefited the casual dining sector as overall economic growth has been accompanied by increased disposable incomes, which have fuelled consumption demand. Demand for casual dining options, such as Cha Chaan Teng, are likely to continue to increase.

Increasing urbanization

According to the Frost & Sullivan Report, the proportion of people dwelling in urban areas has increased from 44.9% in 2007 to 50.4% in 2011. This rise in urbanization along with the rise in travel and communication is likely to result in increasing exposure to Western lifestyles, which will, in turn, drive aspirational shifts in lifestyle to more sophisticated products and services.

Increased Eating Out and Business Dining

There is increased dining out for family and friend gatherings not only during the important holidays or anniversaries, but also on weekends or for ad hoc parties, largely because of increasing affluence and the importance of family in Chinese culture. Also, the faster pace of life has led young professionals to dine out and buy home delivery service from chain Cha Chaan Teng restaurants with increasing frequency.

China's increasing commercial activities and evolving business environment significantly contribute to the growth of chain Cha Chaan Teng restaurants. These chains provide a suitable environment for business entertainment to bridge and promote the relationship between companies or individuals, which is a critical part of business practice in China. Furthermore, the budget as well as average spending on business dining is generally higher and more stable than dining with family and friends. The business entertainment sector will offer significant growth potential, especially within China's tier one metropolitan as well as the emerging commercial cities.

Increasingly discerning and adventurous consumers

Chinese consumers are placing increasing importance on food safety and quality, health and wellness, cuisine flavor and tastes, as well as dining environment and services. Greater spending power has allowed Chinese consumers to be more conscious about food safety and healthiness of food, and to be increasingly discerning about the brand and prestige of food service. As a result, brand consciousness will increase and consumers will prefer to purchase branded goods fueling an estimated increase in the sales revenue of chain Cha Chaan Teng in China from RMB9.7 billion in 2011 to RMB28.5 billion in 2016 at a CAGR of 30.7% the chain Cha Chaan Teng market.

Further, various kinds of cuisines are emerging into China, and as Chinese consumers start to dine out more often they are being exposed to innovative dining styles and cultures. Cha Chaan Teng is a fusion of Eastern and Western dining culture, which meets the diverse demands of consumers in one location.

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Current Market Trends

Increasing Penetration into Emerging Small- and Medium-size Cities

As personal wealth spreads from China's large coastal cities to smaller cities, as well as from Eastern China to Western China, a number of premium and luxury consumer products, including mid- to high-end food service brands, have expanded aggressively into second and third tier cities to target a wider group of potential customers.

Leading Chain Cha Chaan Teng restaurant operators have in recent years expanded into cities such as Qingdao, Shenyang, Suzhou and Dalian. Frost & Sullivan expects this trend to continue.

Increased Market Commitment by Leading Participants

The strong growth as well as relatively high margin of the chain Cha Chaan Teng restaurants in China have encouraged existing brand owners to show increased commitment to further increase market share and penetration in existing markets as well as enter into new markets.

Brand owners' further sales penetration and marketing efforts are expected to drive up the total sales value of the mid- to high-end Cha Chaan Teng chains through to 2016.

ABOUT THIS SECTION

General

This "Industry Overview" section contains information extracted from the Frost & Sullivan "Final Report for Market Study on Cha Chaan Teng in Greater China" dated November 2, 2012 commissioned from Frost & Sullivan for the purposes of preparing this prospectus. We paid a total of RMB0.8 million to Frost & Sullivan for the preparation and use of the Frost & Sullivan Report.

Research Methodology

Frost & Sullivan has refined its research methodology over many years of experience, having researched diverse markets in many different life cycles from the embryonic to mature.

Frost & Sullivan's Market Engineering System has following characteristics:

- Focus on challenges, problems, and the needs of industry participants.
- Based on primary market research, and not on secondary or previously published ones.
- Focus on detailed, comprehensive, "bottom-up" data collection techniques.
- Based on measurements.

In the PRC and Hong Kong, Frost & Sullivan adopted a methodology of both primary research and secondary research, obtained knowledge, statistics, information, and industry insights on the market trends within the catering industry and Cha Chaan Teng market. Primary research involved interviewing leading industry participants and third-party industry associations.

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Secondary research involved reviewing company annual reports, official bureaus' database, independent research reports or journals, and Frost & Sullivan's proprietary database built up over the past decades.

Assumption for Growth and Forecast

Forecast data was obtained from historical data analyses plotted against macroeconomic data as well as specific industry-related drivers, such as diversification of catering categories and consumer expenditure on dining out. Frost & Sullivan developed its forecasts on the following bases and assumptions:

- The social, economic and political environments being examined remain stable during the forecast period, which ensures the sustained and steady development of the catering market in Hong Kong and China.
- Per capita disposable income of urban residents is expected to continue to rise in China, especially in third tier and fourth tier cities. It is expected that per capita disposable income of urban residents in China will continue to rise from approximately RMB24,070.9 in 2012 to approximately RMB36,210.9 in 2016, with a CAGR of 10.7% over the period. Frost & Sullivan believes this increasing disposable income of urban residents will be the key impetus for the growth of consumer expenditure of urban residents in China.
- Per capital expenditure of urban residents is expected to continue to rise in China. It is expected that per capita expenditure of urban residents in China will continue to rise from approximately RMB16,586.0 in 2012 to approximately RMB23,331.8 in 2016, with a CAGR of 8.9% over the period.
- Per capital food consumption of urban residents is expected to continue to rise in China. It is expected that per capita food consumption of urban residents in China will continue to rise from approximately RMB5,954.5 in 2012 to approximately RMB8,604.9 in 2016, with a CAGR of 9.6% over the period.
- Frost & Sullivan has considered related industry key drivers that are likely to drive catering market in the forecast period, including continued urbanization driving increased demand for dining out, increasing number of tourist to Hong Kong, PRC government's supporting initiatives in catering industry, and consumer's pursuit for various categories of catering. Urbanization rate in China is expected to increase from approximately 50.9% in 2012 to approximately 53.1% in 2016. With the close connection of commerce, culture and tourism between China and Hong Kong, it is expected that the number of visitors to Hong Kong will reach approximately 41.0 million in 2016.

The research may be affected by the accuracy of these assumptions and the choice of these parameters.

About Frost & Sullivan

Frost & Sullivan is a global consulting company founded in 1961 and has 40 global offices with more than 1,800 industry consultants, market research analysts, technology analysts and economists. It has been in the Asia region for 20 years. Its services include technology research, market research, economic research, corporate best practices advising, training, customer research, competitive intelligence and corporate strategy.

Based in the United States, it has been covering the Chinese market through its offices in China since the 1990s. It has direct access to the most knowledgeable experts and market participants in the Greater China's catering market research and its industry consultants.

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REGULATORY FRAMEWORK

Hong Kong regulatory overview

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

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

- (a) food business license, including restaurant license for restaurant operation, food factory license for central kitchen and bakery license for bakery operation, which are required to be obtained before commencement of the relevant food business operation;
- (b) water pollution control license, which is required to be obtained before any discharge of trade effluents into a communal sewer or communal drain in a water control zone commences; and
- (c) liquor license, which is to be obtained before commencement of sale of liquor in the restaurant premises.

Health and Safety Regulatory Compliance

Restaurant license

Any person operating a restaurant in Hong Kong is required to obtain a restaurant license from the Food and Environmental Hygiene Department (the "FEHD") under the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) and the Food Business Regulation (Chapter 132X of the Laws of Hong Kong) ("FBR") before commencing the restaurant business. It is provided under section 31(1) of the FBR that no person shall carry on or cause, permit or suffer to be carried on any restaurant business except with a restaurant license. 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 license. The FEHD will also consult the Buildings Department and the Fire Services Department in accessing the suitability of premises for use as a restaurant, and the fulfillment of the Buildings Department's structural standard and the Fire Services Department's fire safety requirement are considered. The FEHD may grant provisional restaurant licenses 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 license.

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

Food factory license

In respect of our restaurant located at the Hong Kong International Airport and our central kitchen in Hong Kong, we are required to obtain a food factory license from the FEHD under the FBR. It is provided under section 31(1) of the FBR that no person shall carry on or cause, permit or suffered to be carried on any food factory business except with a food factory license. The

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FEHD may grant a provisional food factory license 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 license.

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

Bakery license

Under section 31(1) of the FBR and according to the guideline of the FEHD, it is required that any person who prepares bread or other bakery products for sale at any premises in Hong Kong must obtain a bakery license from the FEHD before commencement of such business.

According to the guideline of the FEHD, if the baking of bread and other bakery products is carried out in a licensed general restaurant and if such bakery products are for consumption by customers on the premises, no separate bakery license is required. For the retail sale of bread and other bakery products prepared in a licensed restaurant in a separate counter/portion of the premises, a separate bakery license is required.

As of the Latest Practicable Date, save as disclosed in “Business — Licenses for our Group’s operations in Hong Kong” in this prospectus, we have obtained all restaurant licenses, food factory license and bakery licenses as required under the relevant laws and regulations for our restaurants and central kitchen in Hong Kong from the FEHD.

Demerit points system

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

- (a) if within a period of 12 months, a total of 15 demerit points or more have been registered against a licensee in respect of any licensed premises, the license 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 offense 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 license 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 offense 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 license will be subject to cancellation;
- (d) for multiple offenses found during any single inspection, the total number of demerit points registered against the license will be the sum of the demerit points for each of the offenses;

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- (e) the prescribed demerit points for a particular offense will be doubled and trebled if the same offense is committed for the second and the third time within a period of 12 months; and
- (f) any alleged offense pending, that is the subject of a hearing and not yet taken into account when a license is suspended, will be carried over for consideration of a subsequent suspension if the licensee is subsequently found to have violated the relevant hygiene and food safety legislation upon the conclusion of the hearing at a later date.

As of the Latest Practicable Date, save as disclosed in “Business — Transfer of food business licenses of the six restaurants” in this prospectus, we have not obtained any notice, letters or documents in relation to the demerit points system.

Environmental Regulations

Water Pollution Control License

In respect of our operations in Hong Kong, we are required to obtain water pollution control license from the Environmental Protection Department (the “EPD”) prior to any discharge of trade effluents under the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) (“WPCO”). Under sections 8(1) and 8(2) of the WPCO, a person who discharges (i) any waste or polluting matters into waters of Hong Kong in a water control zone; or (ii) any matter into any inland waters in a water control zone which tends (either directly or in combination with other matter which has entered those waters) to impede the proper flow of the water in a manner leading or likely to lead to substantial aggravation of pollution, commits an offence and where any such matter is discharged from any premises, the occupier of the premises also commits an offence. Under sections 9(1) and 9(2) of the WPCO, a person who discharges any matter into a communal sewer or communal drain into a water control zone commits an offence and where any such matter is discharged into a communal sewer or communal drain in a water control zone from any premises, the occupier of the premises also commits an offence. Under section 12(1)(b) of the WPCO, a person does not commit an offence under section 8(1), 8(2), 9(1) or 9(2) of the WPCO if the discharge or deposit in question is made under, and in accordance with, a water pollution control license. A water pollution control license is granted with terms and conditions specifying requirements relevant to the discharge, such as the discharge location, provision of wastewater treatment facilities, maximum allowable quantity, effluent standards, self-monitoring requirements and keeping records.

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

As of the Latest Practicable Date, save as disclosed in “Business — Licenses for our Group’s operations in Hong Kong” in this prospectus, we have obtained all water pollution control licenses required for our restaurants and central kitchen in Hong Kong from the EPD.

Liquor Regulations

Liquor license

In Hong Kong, a person must obtain a liquor license from the Liquor Licensing Board (“LLB”) under the Dutiable Commodities (Liquor) Regulations (Chapter 109B of the Law of Hong Kong) (the “DCR”) before commencement of sale of liquor for consumption on the premises. It is

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provided under section 17(3B) of the Dutiable Commodities Ordinance (Chapter 109 of the Laws of Hong Kong) (the “DCO”) that where regulations prohibit the sale or supply of any liquor except with a liquor license, no person shall sell, or advertise or expose for sale, or supply, or possess for sale or supply, liquor except with a liquor license. 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 license. A liquor license will only be valid if the relevant premises remain licensed as a restaurant. All applications for liquor license are referred to the Commissioner of Police and the District Officer concerned for comments.

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

Our Group has obtained liquor licenses for our restaurants on whose premises liquor is sold for consumption.

Save as disclosed in “Business — Licenses for our Group’s operations in Hong Kong” in this prospectus, our Group has obtained all relevant licenses, certificates and permits and has complied with the applicable laws and regulations in all material aspects in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

PRC Regulatory overview

The following sets forth a summary of the most significant aspects of PRC laws and regulations relating to our business operations in the PRC or our Shareholders’ rights to receive dividends and other distributions from our PRC subsidiaries.

Laws and regulations on foreign investment in food service industry

Investment in the PRC conducted by foreign investors and foreign-owned enterprises shall comply with the Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄(2011年修訂)》) (the “Catalogue”), which was amended and promulgated by the Ministry of Commerce and the National Development and Reform Commission on December 24, 2011. The Catalogue, as amended, became effective on January 30, 2012 and contains specific provisions guiding market access of foreign capital, stipulating in detail the areas of entry pertaining to the categories of encouraged foreign invested industries, restricted foreign invested industries and prohibited foreign invested industries. Any industry not listed in the Catalogue is a permitted industry. According to the Catalogue, the provision of consumer food and beverage services and general food production and sales are industries permitted to foreign investment.

The Law of the People’s Republic of China on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》) (the “Wholly Foreign-owned Enterprises Law”), which was promulgated by the National People’s Congress on April 12, 1986 and amended on October 31, 2000, is the fundamental legal basis for Chinese government to supervise whole foreign-owned enterprises. According to the Wholly Foreign-owned Enterprises Law, to establish a wholly foreign-owned enterprise, the investor shall make an application to the department in charge of foreign trade under the State Council or the organizations authorized by the State Council. In the event of separation, merger or other major change, a wholly foreign-owned enterprise shall report to and seek approval from the authorities in charge of examination and approval, and register the change with the industry and commerce administration authorities. The foreign investor in any wholly foreign-owned enterprise may remit abroad profits lawfully earned from the enterprise and other income and funds lawfully obtained following the liquidation of the enterprise.

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Food safety and licensing requirements for consumer food services

The Food Safety Law (《食品安全法》) and the Implementation Rules of the Food Safety Law (《食品安全法實施條例》), which came into force on June 1 and July 20, 2009 respectively, were designed to guarantee food safety and to safeguard the health and safety of the public. The state set up a system of the supervision, monitoring and appraisal for food safety risks, compulsory adoption of food safety standards and operating standards for food production, food inspection, food export and import and food safety accident response. Providers for food distribution services and consumer food services shall comply with the foregoing laws and rules.

According to the Food Safety Law, the State Council shall set up the Food Safety Commission, whose duties will be stipulated by the State Council. The health administration department under the State Council will be responsible for food safety integration and coordination and also the evaluation of food safety risks, the formulation of food safety regulatory standards, the publication of food safety information, the formulation of qualifications for food inspection institutions and their inspection standards, and the investigation and handling of serious food safety accidents. The quality supervision department and the administration for industry and commerce under the State Council, as well as the food and drug supervision and administration department of the state shall, in accordance with the provisions of Food Safety Law and the duties stipulated by the State Council, implement the supervision and administration respectively on food production, food circulation, and catering service activities.

The Food Safety Law sets forth various penalties in the form of warnings, orders to rectify, confiscation of illegal gains or utensils, equipment, raw materials and other articles used for illegal production and operation, fines, recalls and destructions of food in violation of laws and regulations, orders to suspend production and/or operation, revocations of production and/or operation license, and even criminal punishment for violations of food safety laws. The gains and other assets of any restaurant that does not have a proper food service license may be confiscated. The restaurant may also be fined up to ten times the value of food sold at the restaurant.

The Implementation Rules of the Food Safety Law, as effective on July 20, 2009, further specify the penalties for violations and the detailed measures to be taken and followed by food producers and business operators in order to ensure food safety.

On March 4, 2010, the Ministry of Health promulgated the Administrative Measures on Food and Beverage Service Licensing (《餐飲服務許可管理辦法》) and Administrative Measures on Food Safety Supervision in Food and Beverage Services (《餐飲服務食品安全監督管理辦法》). Both measures came into force on May 1, 2010. Pursuant to the Administrative Measures on Food and Beverage Service Licensing, the local food and drug administrations at various levels are responsible for the administration of food and beverage service licensing. Providers of consumer food services are required to obtain a food service license and are responsible for safety in food and beverage services in accordance with the law. A service provider, providing food and beverage services at different locations or venues must obtain separate food and beverage service licenses for each venue. In the event of any change in the operation locations, a new application for food service license is required. The food service license is valid for a period of three years. For those temporarily providing consumer food services, an interim food service license valid for a period not exceeding six months must be obtained. Where renewal is required, the consumer food services providers are required to submit a renewal application in writing to the original issuing department at least 30 days before the expiry date of the valid period of the food and beverage service license. Overdue renewal application may follow the same procedure as new application for food service license. The original issuing department, after accepting the renewal application for the food service license, must focus on whether there has been any change to the formerly licensed operation venue, any change in the layout of flow

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processes, and any change to the hygiene facilities, as well as whether the applicant has satisfied the basic conditions required for the grant of a license, and a new food service license will be issued upon successful renewal. Any transfer, alteration, lending, sale or leasing of food service licenses by consumer food service provider is strictly prohibited. Consumer food services providers shall operate within the scope of their licenses in accordance with the law and the scope specified in their food service licenses. The food service license must be hung or displayed at a conspicuous position in the venue for dining. If the consumer food service providers had already obtained a food hygiene license before the implementation date of the Administrative Measures on Food and Beverage Service Licensing, the pre-existing food hygiene license will remain effective during its valid period. The consumer food service providers holding a food hygiene license shall apply to the appropriate local food and drug supervision and administration authorities in the administrative regions where they operate for a food service license before the food hygiene license's expiry date.

Regulations on the sanitation of public assembly lines

The Regulation for the Administration of Sanitation of the Public Assembly Venue (《公共場所衛生管理條例》) effective on April 1, 1987, and the Implementation Rules for the Regulation for the Administration of Sanitation of the Public Assembly Venue (《公共場所衛生管理條例實施細則》) first effective on June 1, 1991, and subsequently amended in 1993 and 2010 were promulgated by the State Council and the Ministry of Health respectively. The said regulations were adopted for the purposes of creating favorable and sanitary conditions for the public assembly venues, preventing disease transmission and safeguarding people's health. Depending on the requirements of the local health authority, a restaurant may be required to obtain a public assembly venue hygiene license from the local health authority before it applies for a business license.

Under the foregoing regulations, the local health authorities shall take the responsibility of supervising the sanitary conditions of the public assembly venues within their respective jurisdiction. Violation of the said regulations and rules may result in administrative penalties ranging from warning, fine, order of rectification, suspension of business, or even revocation of the public assembly venue hygiene license, depending on the seriousness of the violation.

Regulations on liquor distribution

In accordance with Measures for the Administration of Liquor Distribution (《酒類流通管理辦法》) effective on January 1, 2006, which was issued by the Ministry of Commerce, a system of archival filing of operators as well as a traceability system shall be established for liquor circulation. Any entity or individual engaged in the wholesale or retail of liquor (herein after referred to in general as "liquor operator") shall, within 60 days of acquiring a business license, make the archival filing and registration formalities in the competent department of commerce at the same level as the administrative department for industry and commerce where the registration is handled according to the principle of territorial administration. The liquor operator shall, when purchasing any liquor, claim the duplicates of the business license, sanitation license, production license (limited to producers), registration form, power of attorney of liquor distribution (limited to producers) of a supplier that supplies goods for the first time. The liquor operator shall establish an account for purchases and sales in the liquor business operation which he or she shall keep for three years. The competent departments of commerce may impose a fine up to RMB5,000 on any violation of the foregoing rules. According to the Shanghai Regulations on the Production and Sales of Liquor (《上海市酒類商品產銷管理條例》) effective on January 1, 1998, a license system for the production, wholesale and retail of liquor is adopted. Any entity or individual engaged in the retail of liquor shall apply for and obtain the liquor retail license.

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Laws and regulations on fire prevention

The Fire Prevention Law of the PRC (the “Fire Prevention Law”, 《中華人民共和國消防法》) was adopted on April 29, 1998 and amended on October 28, 2008. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the Ministry of Public Security and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The fire prevention units of such public security departments are responsible for implementation. The Fire Prevention Law provides that the fire prevention design or the construction project must conform to the national fire prevention technical standards. For a construction project that needs a fire prevention design under the national fire protection technical standards for project construction, the construction entity must submit the fire prevention design documents to the fire prevention department of the public security authority for approval or filing purposes (as the case may be). No construction permit shall be given to the construction projects for which the fire prevention design has not been approved or are considered unqualified after the review, nor shall such construction entity commence their construction. Upon completion of a construction project to which a fire prevention design has been applied, according to the requirements of the Fire Prevention Law, such project must go through an acceptance check on fire prevention by, or filed with, the relevant fire prevention departments of public security authorities. No construction may be put into use before it is accepted by the relevant fire prevention units of public security authorities. For each public assembly venue (公眾聚集場所), such as Karaoke clubs, dancing halls, cinemas, hotels, restaurants, shopping malls, trade markets and etc., the construction entity or entity using such venue shall, prior to use and operation of any business thereof, apply for a safety check on fire prevention with the relevant fire prevention department under the public security authority at or above the county level where the venue is located, and such place cannot be put into use and operation if it fails to pass the safety check on fire prevention or fails to conform to the safety requirements for fire prevention after such check.

According to the Provisions for Fire-protection Supervision and Administration of Construction Projects (《建設工程消防監督管理規定》), the construction of hotels or restaurants with a total building area exceeding 10,000 square meters and restaurants with entertainment function possessing a building area more than 500 square meters shall be subject to the review on its fire safety design and the final examination and acceptance upon completion of the construction by the fire prevention authorities.

Laws and regulations on environmental protection

Environmental Protection Law

The Environmental Protection Law of the PRC (the “Environmental Protection Law”, 《中華人民共和國環境保護法》) was promulgated and effective on December 26, 1989. This Legislation has been formulated for the purposes of protecting and improving both the living environment and ecological environment, preventing and controlling pollution, other public hazards and safeguarding people’s health.

According to the provisions of the Environmental Protection Law, in addition to other relevant laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts take charge of administering and supervising said environmental protection matters. According to the provisions of the Environmental Protection Law, the environmental impact statement on any such construction project must assess the pollution that the project is likely to produce and its impact on the environment, and stipulate preventive and curative measures; the statement shall be submitted to the competent administrative department of environmental protection for approval. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal part

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of the project. Permission to commence production at or utilize any construction project shall not be granted until its installations for the prevention and control of pollution have been examined and confirmed to meet applicable standards by the appropriate administrative department of environmental protection that examined and approved the environmental impact statement. Installations for the prevention and control of pollution shall not be dismantled or left idle without authorization. Where it is absolutely necessary to dismantle any such installation or leave it idle, prior approval shall be obtained from the competent local administrative department of environmental protection.

The Environmental Protection Law makes it clear that legal liabilities of any violation of the said law include warning, fine, rectification within a time limit, compulsory suspension of operations, compulsory reinstallation of dismantled installations of the prevention and control of pollution or compulsory reinstallation of those left idle, compulsory shutout or closedown, or even criminal punishment.

Pursuant to the Environmental Protection Law, the Law of the People's Republic of China on Appraisal of Environment Impact (《中華人民共和國環境影響評價法》) promulgated by the Standing Committee of the National People's Congress and put into force upon and from September 1, 2003, and the Replies Concerning that new catering and entertainment facilities shall be applied to the systems of Appraisal of Environment Impacts (《關於新建飲食娛樂服務設施應當執行環境影響評價制度的覆函》) put into force upon and from January 20, 1999, all the new construction, renovation and expansion of catering service facilities and converting leased buildings into catering service facilities shall make the registration or obtain approval with respect to the environment impact with or from local environment protection authorities.

Under the Provisions on the Inspection and Acceptance of Environmental Protection of Construction Projects (《建設項目竣工環境保護驗收管理辦法》), promulgated on December 27, 2001, each construction project is subject to the inspection and acceptance of the Ministry of Environmental Protection or its local counterparts upon the completion of construction, and only after the construction project has passed the inspection and acceptance and acquired the approval thereon can it be put into production or use.

Laws and Regulations on Prevention and Control of Water Pollution

The Law on Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》) (the "Water Pollution Prevention and Control Law") first came into effect as of November 1, 1984 and was subsequently amended on May 15, 1996 and February 28, 2008, respectively. The law applies to the prevention and control of pollution of rivers, lakes, canals, irrigation channels, reservoirs and other surface water bodies and groundwater within the PRC. According to the Water Pollution Prevention Law and other relevant laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts at or above county level shall take charge of the administration and supervision on the matters of prevention and control of water pollution.

The Water Pollution Prevention Law provides that environmental impact assessment should be conducted in accordance with the relevant laws and regulations for new construction projects and expansion or reconstruction projects and other facilities on water that directly or indirectly discharge pollutants to water bodies. Facilities for the prevention and control of water pollution at a construction project shall be designed, built and put into use along with the main structure of the construction project. The construction project shall only be used after facilities for the prevention and control of water pollution pass the inspection and acceptance by the Ministry of Environmental Protection and its appropriate local counterparts. Dismantling or putting off operation of such installations shall be subject to prior approval of the local counterpart of the Ministry of Environmental Protection at or above the county level.

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In addition, pursuant to the Water Pollution Prevention and Control Law and the Notice on Issues Concerning Strengthening the Levying of Pollutant Discharge Fees on Village and Township Enterprises and Food and Beverage and Entertainment Service Industries issued by the State Administration for Environmental Protection (《國家環境保護局關於加強鄉鎮企業和餐飲娛樂服務業排污收費有關問題的通知》) and Regulation on Administration of the Levying and the Use of Pollutant Discharging Fees (《排污費徵收使用管理條例》), food and beverage service enterprises that directly discharge pollutants into a water body shall pay pollutant discharge fees according to the type and quantity of the water pollutants discharged and the standard scale of collecting pollutant discharge fees.

Laws on intellectual property rights

The period of validity of a registered trademark shall be ten years, to be counted from the date of approval of the registration under the Trademark Law of the PRC (the "Trademark Law", 《中華人民共和國商標法》) amended as of October 27, 2001 and came into effect on December 1, 2001. The administrative authority for industry and commerce has the power to investigate and handle any act of infringement of the exclusive right to use a registered trademark according to laws. Where the case is so serious as to constitute a crime, it shall be transferred to the judicial authority for handling.

Laws and regulations on labor and production safety

Labor Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》) effective as of January 1, 1995, enterprises and institutions shall establish and perfect its system of work place safety and sanitation, strictly abide by state rules and standards on work place safety and sanitation, educate laborers of work place safety and sanitation. Work place safety and sanitation facilities shall comply with state-fixed standards. The enterprises and institutions shall provide laborers with work place safety and sanitation conditions which are in compliance with state stipulations and relevant articles of labor protection.

Labor Contract Law

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) ("Labor Contract Law") promulgated by the Standing Committee of the National People's Congress on June 29, 2007 which became effective on January 1, 2008, governs the relationships between employers and employees and contains specific provisions in relation to the terms and conditions of an employment contract. The Labor Contract Law stipulates that employment contracts must be in writing and signed. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Enterprises and institutions are forbidden to force the laborers to work beyond the time limit and the employers shall pay laborers overtime working compensation in accordance with national regulations. In addition, the labor wages shall not be lower than local standards on minimum wages and shall be timely paid to the laborers. Pursuant to the Labor Contract Law, employment contracts lawfully concluded prior to the implementation of the Labor Contract Law and continuing as of the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labor Contract Law but no written employment contract was concluded, a contract must be concluded within one month after its implementation.

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Production Safety Law

According to the PRC Production Safety Law (《中華人民共和國安全生產法》) (the “Production Safety Law”) effective as of November 1, 2002, enterprises and institutions shall be equipped with the measures for safe production as provided in the Production Safety Law and other relevant laws, administrative regulations, national standards and industrial standards. Any entity that is not equipped with measures for safe production is not allowed to engage in production and business operation activities. Enterprises and institutions shall offer education and training programs to the employees thereof regarding production safety. The design, manufacture, installation, use, checking, maintenance, repair and disposal of safety equipment shall be in conformity with the national standards or industrial standards. In addition, enterprises and institutions shall provide personal protective equipments that reach the national standards or industrial standards to the employees thereof, supervise and educate them to use these equipments according to the prescribed rules.

Regulations on Occupational Injury Insurance

According to the Regulations on Occupational Injury Insurance (《工傷保險條例》) effective as of January 1, 2004 and amended on December 20, 2010, the Interim Measures concerning the Maternity Insurance for Enterprise Employees (《企業職工生育保險試行辦法》) effective as of January 1, 1995, the Interim Regulations concerning the Levy of Social Insurance (《社會保險費徵繳暫行條例》) effective as of January 22, 1999, the Interim Measures concerning the Administration of the Registration of Social Insurance (《社會保險登記管理暫行辦法》) effective as of March 19, 1999 and the Regulations on the Administration of Housing Accumulation Funds (《住房公積金管理條例》) effective as of April 3, 1999 and amended on March 24, 2002, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance, as well as housing fund and other welfare plans.

If an enterprise fails to pay the required premiums or withhold the payment of its employees, the relevant authorities in charge of labor or tax will demand the enterprise to settle the overdue amount within a stipulated time limit. If the enterprise fails to perform its obligation before the expiration of the specified time period, the authorities will impose a fine of 0.2% of the overdue amount per day, calculated from the date on which the amount became overdue. The Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the Standing Committee of the National People’s Congress on October 28, 2010 integrates the regulations on pension insurance, unemployment insurance, maternity insurance, injury insurance and medical insurance and further clarifies the responsibility of employers and the legal liability for non-compliance with laws and regulations relating to social insurance. The Social Insurance Law of the PRC came into effect on July 1, 2011 and does not affect the effectiveness of the existing regulations on social insurance as described above.

According to the Regulations on the Administration of Housing Accumulation Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 which became effective on April 3, 1999 and as amended on March 24, 2002, employers are required to contribute, on behalf of their employees, to housing accumulation funds. The payment is required to be made to local administrative authorities and any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

Employment Promotion Law

According to the Employment Promotion Law of the PRC (《中華人民共和國就業促進法》) (the “Employment Promotion Law”) which became effective on January 1, 2008, the State seeks to create more jobs by encouraging various types of enterprises to, inter alia, expand its existing

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businesses. In addition, the PRC Government will establish an unemployment insurance system to secure the livelihoods of unemployed persons and assist them in finding employment. The PRC Government at and above the county level shall also establish a public employment service system and public employment service agencies to provide free services to laborers such as announcing information on supply and demand of jobs, market wage levels, vocational training and job recommendations.

Laws and regulations on taxation

Enterprise Income Tax

On January 1, 2008, the Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》) was put into force and simultaneously the Income Tax Law on Foreign-invested Enterprises and Foreign Enterprises was repealed. Income produced within PRC by enterprises or other organizations shall be imposed an enterprise income tax at the rate of 25%.

Individual Income Tax

On September 1, 2011, the Law of the Peoples' Republic of China on Individual Income Tax (《中華人民共和國個人所得稅法》) (the "Law of Individual Income Tax") came into force and stipulates that an individual having residence in China or having resided in China for one year or more although without a permanent residence therein shall pay individual income tax on income from inside and outside China at the rates which are specified in Article 3 of the Law of Individual Income Tax.

Business Tax

The business tax of foreign-invested enterprises was governed by the Tentative Regulations on Business Tax of the People's Republic of China (《中華人民共和國營業稅暫行條例》), which came into force upon and from January 1, 1994, and was amended on November 10, 2008. The amendment came into force as of January 1, 2009. According to this tentative regulations, enterprises of service industry shall pay the business tax at a rate of 5% in respect of the turnover.

Value-added Tax

The value-added tax of foreign-invested enterprises was governed by the Tentative Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例》), which came into force upon and from January 1, 1994, and was amended on November 10, 2008. The amendment came into force as of January 1, 2009. Under these tentative regulations, the value-added tax is payable on the sale or importation of goods and the provision of processing, repair and labor replacement services in the PRC. The value-added tax is generally levied at the rate of 17%, however a rate of 13% is applicable to the sale or import of certain categories of essential goods. Exported goods are exempt from the value-added tax.

Tax Collection for Share Transfer by Non-PRC Resident Enterprises

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) or SAT Circular 698, issued by the State Administration of Taxation on December 10, 2009 with retroactive effect from January 1, 2008, except for the purchase and sale of equity through a public securities market, where a foreign investor transfers its indirect equity interest in a PRC resident enterprise by disposing of its equity interests in an overseas

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holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate less than 12.5% or (ii) does not tax foreign income of its residents, the foreign investor shall report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. If the tax authority, upon examining the nature of the Indirect Transfer, deems that the Indirect Transfer has no reasonable commercial purpose other than to avoid PRC tax, the tax authority may disregard the existence of the overseas holding company that is used for tax planning purposes and re-characterize the Indirect Transfer.

Regulations on foreign exchange

The Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) (the “Foreign Exchange Administrative Regulations”) which was promulgated and implemented since April 1, 1996 and was amended with effect from August 5, 2008, forms an important legal basis for the PRC authorities to supervise and regulate foreign exchange. Under the Foreign Exchange Administrative Regulations, the foreign exchange income in the capital accounts of domestic enterprises shall be deposited, in accordance with relevant State regulations, into foreign exchange accounts opened with banks designated. Any foreign exchange payment from capital account shall, in accordance with provisions enacted by State Council foreign exchange administrative department relating to foreign exchange payments and purchases, be made out of the payer’s own foreign exchange funds on the strength of valid documents or be made with foreign exchange purchased from any financial institution engaged in foreign exchange settlement and sales business.

Where an approval from the relevant foreign exchange administrative authority is required in accordance with State provisions, the relevant approval formalities shall be completed before the foreign exchange payment is made. For foreign-invested enterprises wound up in accordance with the relevant laws, the amount of Renminbi that belongs to the relevant foreign investor(s) after liquidation and payment of tax pursuant to relevant State provisions may be used to purchase foreign exchange from any financial institution engaged in foreign exchange settlement and sales business in order to remit it outside the PRC.

Macau regulatory overview

The following sets forth certain significant aspects of Macau laws and regulations relating to our business operations in Macau.

Health and Safety Regulations

License to operate a Restaurant

Under Macau law, restaurants can only open to the public after the issuance of a license obtained from the Macau Government Tourist Office (the “MGTO”) in accordance with the provisions of Decree-Law no. 16/96/M, dated April 1, 1996, and Ordinance no. 83/96/M, dated April 1, 1996. Before issuing such a license, the MGTO must analyse formal opinions rendered on urbanistic, sanitary and fire safety conditions, the compliance of the project with the applicable legal requirements and the result of the mandatory inspection of the premises in respect of their suitability for use as a restaurant.

Once the license for the restaurant is issued, it is valid for one year and must be renewed annually. The license lapses and is cancelled if the restaurant is closed for a period of at least one year or if its renewal is not requested for two consecutive years (Article 31 of Decree-Law no. 16/96/M, dated April 1, 1996).

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Food Safety and Fire Prevention Regulations

Rules on food safety in Macau mainly aim at prohibiting the production and commerce of foods that are noxious for human consumption. A proposal for Food Safety Law is currently under discussion in the Macau Legislative Assembly, which has been generally approved on May 10, 2012, and the enactment of which is expected in the near future. The proposed law, once enacted, will be applicable to our operations and restaurant in Macau.

Also in respect to this matter, the abovementioned Decree-Law no. 16/96/M, dated April 1, 1996, and Ordinance no. 83/96/M, dated April 1, 1996 also provide several rules designed to guarantee that restaurants have minimum standards for hygiene, food and fire safety, and the safeguard of public health. The non-compliance with these standards may constitute an administrative offense, punishable with monetary fines and additional sanctions.

Decree-Law no. 24/95/M, dated June 9, 1995, which approved the Regulation on Fire Safety, sets out, in detail, fire safety and fire prevention regulations, aiming to prevent the risk of fires and their spreading and propagation to neighbour buildings. Restaurants must comply with the technical and building requirements in Decree-Law no. 24/95/M, dated June 9, 1995, and such compliance will be considered at the time of licensing by the MGTO.

Environmental Regulations

The guidelines and fundamental principles governing environmental policy in Macau are set out in Law no. 2/91/M, dated March 11, 1991, regarding the protection and sustainable development of the environment. Under Article 30 of the aforementioned Law, regardless of having observed all applicable and mandatory laws and regulations, an entity that causes significant damage to the environment due to dangerous behaviour, will always be liable to pay due compensation.

The “Smoking Prevention and Control Regime”, approved by Law no. 5/2011, dated May 3, 2011 and which entered into force on January 1, 2012, set out strict rules for the sale of tobacco products and now determines that smoking is prohibited indoors in a restaurant. Non-compliance with the rules of the “Smoking Prevention and Control Regime” is an administrative offense punishable with fines ranging from MOP400 to MOP100,000.

Of relevance are also Decree-Law no. 46/96/M, dated August 19, 1996, which sets out the water supply and drainage regulations and technical specifications in order to ensure public health and the safety of the installations, and Decree-Law no. 54/94/M, dated November 14, 1994, which provides rules for noise prevention and control.

Employment Regulations

Labor Law

The Macau Labor Relations Law, approved by Law no. 7/2008, dated August 5, 2008, establishes the general regime of labor relations, containing various rules concerning employment contracts that range from, but are not limited to, general principles applicable to employment relationships, duties and obligations of the employer and the employee, probation period, employment contract requirements, employment contract for a fixed period, working hours, overtime, weekly time-off, annual leave, and compensation in case of contract termination without justifiable cause.

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Employment of Non-Resident workers

Non-residents of Macau are generally not permitted to work unless a proper work permit has been obtained. The employment of such workers is subject to strict regulations included in Law no. 21/2009, dated October 27, 2009, which sets forth the terms for granting and renewing work permits for non-resident workers, determines measures to ensure equal treatment of Macau resident and non-resident workers and establishes minimum contract terms and limits on the duration of employment contracts with non-resident employees.

HISTORY, DEVELOPMENT AND REORGANIZATION

OVERVIEW

Our Company was incorporated in the Cayman Islands under the Cayman Islands Company Law on May 29, 2012 in preparation for the Listing and is the holding company of our Group. Our Company was incorporated as part of our Reorganization, details of which are set out in “Our corporate development — Reorganization” in this section below.

Over the past years, our shareholding has changed, as a result of which, immediately following the completion of our Reorganization, our Company is owned (i) as to approximately 78.91% by Mr. Lee, Mr. Ho and Mr. YT Cheung collectively through Cui Fa; (ii) as to approximately 8.54% by Mr. WK Cheung through Ample Favour; (iii) as to approximately 6.35% by Mr. YP Cheung through Victor Leap; (iv) as to approximately 6.00% by Mr. Lock, our chief executive officer, through Macca Investment; and (v) as to approximately 0.20% by Mr. Chau, an employee of our Group. Details of our shareholding structure are set out in “— Our corporate development” in this section below.

Immediately following the completion of the Capitalization Issue and the Global Offering, Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung, and Mr. YP Cheung (collectively, the “Core Shareholders”) will together, through Cui Fa, Ample Favour and Victor Leap, control approximately 70.35% of the voting rights in our Company (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme). Hence, each of Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung, Mr. YP Cheung, Cui Fa, Ample Favour and Victor Leap will be a Controlling Shareholder.

OUR BUSINESS DEVELOPMENT

Our history and origin

Our “*Tsui Wah* (翠華)” brand has a history of over four decades and has evolved into the leading *Cha Chaan Teng* (茶餐廳) chain operator in Hong Kong, based on revenue and number of seats in 2011, according to Frost & Sullivan. Our restaurants network comprises our primary  “*Tsui Wah* (翠華)” brand and two extensions of it, namely “*Tsui Wah EATery*” and “*Tsui Wah Concept* (翠華 Concept)”. Over the course of our operating history, we believe we have continuously adopted innovative business strategies and adapted to changing preferences of our customers, setting industry standards and enhancing the *Cha Chaan Teng* (茶餐廳) culture in Hong Kong.


The origin of our “*Tsui Wah* (翠華)” brand dates back to 1967 when the first Tsui Wah restaurant was opened in Mong Kok by an Independent Third Party. The “*Tsui Wah* (翠華)” brand was subsequently expanded in the 1970s by adding three more Tsui Wah restaurants in To Kwa Wan, San Po Kong and Tuen Mun, operating a small-scaled *Cha Chaan Teng* (茶餐廳) chain in Hong Kong which marked the genesis of our modern Tsui Wah restaurants. However, the Tsui Wah restaurants in Mong Kok and To Kwa Wan had closed down subsequently in 1971, prior to the acquisition of the first Tsui Wah restaurant in San Po Kong by our Core Shareholders in 1989.

The operations of our Group began in 1989 when our Core Shareholders founded our Group by acquiring the Tsui Wah restaurant in San Po Kong. Our Core Shareholders had been co-workers at this restaurant prior to 1989 and, through their extensive working relationship, developed close personal and business ties with each other. In 1989, the original owner of the Tsui Wah restaurant in San Po Kong decided to exit the “*Cha Chaan Teng* (茶餐廳)” business in Hong Kong to migrate to a foreign country, and offered our Core Shareholders to acquire and invest in the restaurant. Our Core Shareholders have since become the leaders of our Group

HISTORY, DEVELOPMENT AND REORGANIZATION

and were appointed as our executive Directors following the incorporation of our Company. In 1991, our business further developed with the acquisition of another Tsui Wah restaurant in Tuen Mun. Following such acquisition, all restaurants operating under the “*Tsui Wah* (翠華)” brand at that time had been acquired by our Core Shareholders and consolidated into our Group.

Our business expanded in the 1990s when we opened additional Tsui Wah restaurants in Central, Causeway Bay, Jordan and Tsuen Wan, which are all located in densely populated districts in Hong Kong with high concentration of pedestrian flow. The premier locations of these restaurants allowed us to maximize revenue and strengthen our brand image. Our first Tsui Wah restaurant in Central, the primary business district in Hong Kong, opened in December 1998 near Lan Kwai Fong and remains as one of the most iconic Tsui Wah restaurants of our Group.

We previously adopted a multi-brand strategy in the 1990s and 2000s. During that time, some of our restaurants operated under secondary brands, namely “*Hop Fat* (合發)” and “*Hong Kong Style Café* (港式餐廳)”, mainly to distinguish these restaurants from our Tsui Wah restaurants which were located nearby. From 2008 to 2010, these restaurants were gradually consolidated into our primary  “*Tsui Wah* (翠華)” brand as it gained wider public recognition.

In 2010 and 2011, respectively, we diversified our business model by opening a self-service eatery at the Hong Kong International Airport under the name of “*Tsui Wah EATery*”, as well as a café-styled restaurant named “*Tsui Wah Concept* (翠華 Concept)” in Mong Kok, serving mainly our signature dishes and popular items as set meals. These two sub-brands diversify from our main operations of Tsui Wah restaurants, while maintaining certain elements of our core  “*Tsui Wah* (翠華)” brand to capture our established customer base and brand value.

We have also collaborated with business partners to expand our restaurant network. We established a presence within the premises of MCL Tseung Kwan O Cinema and Galaxy Macau in 2008 and 2011, respectively through joint venture operations with the owners of these premises. These cooperation arrangements allowed us to develop long-term business relationships with renowned enterprises in the Greater China region and to penetrate into key markets that we previously did not serve.


In terms of geographical expansion, we began to gain wide recognition in the PRC in around 2005, as evidenced by PRC Consumer’s Most Favorable Hong Kong Brands — Gold Award (全國消費者最喜愛《香港名牌》— 金獎品牌) by the China Enterprise Reputation and Credibility Association (Overseas) Limited (中華海外企業信譽協會) in 2005 (and subsequently each year until 2009), awarded to us even prior to our physical presence in the PRC. Building on such brand recognition in the PRC and our success in Hong Kong, our first Tsui Wah restaurant in the PRC opened in 2009 in Shanghai, followed by two additional restaurants in Shanghai and Wuhan in the PRC. In March 2012, we were named the 2011–2012 Consumers’ Most Satisfied Chinese Restaurant (2011–2012年度最佳消費者滿意中國餐飲名店) and 2011–2012 Top-10 Famous Catering Chain Brand (2011–2012年度中國十大馳名餐飲連鎖品牌) by the Organizing Committee of Annual Meeting of China Hotel Industry (中國飯店業年會組織委員會). Our current business strategies envisage progressive expansion into the PRC, which is a key strategic market for our future development.

Under the leadership of our Core Shareholders, our restaurants have expanded from one restaurant in San Po Kong in 1989 into a chain operation of 26⁽¹⁾ restaurants as at the Latest Practicable Date, covering Hong Kong, the PRC and Macau, operating under one of the most iconic restaurant brands in the Greater China region —  “*Tsui Wah* (翠華)”.

⁽¹⁾ Includes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities

HISTORY, DEVELOPMENT AND REORGANIZATION

Business milestones

The key events of the development of our  “Tsui Wah (翠華)” brand are as follows:

- 1967 Opening of the first restaurant under the “Tsui Wah (翠華)” brand in Mong Kok, in Hong Kong
- October 1989 Acquisition of the San Po Kong Tsui Wah restaurant in Hong Kong by our Core Shareholders, which became the first restaurant operated by our Group. The San Po Kong Tsui Wah restaurant was subsequently renovated to improve our brand image
- December 1998 Opening of the Central Tsui Wah restaurant (中環翠華餐廳) in Hong Kong
- 2005 Awarded with the PRC Consumer’s Most Favorable Hong Kong Brands — Gold Award (全國消費者最喜愛《香港名牌》— 金獎品牌) by the China Enterprise Reputation and Credibility Association (Overseas) Limited (中華海外企業信譽協會)
- April 2009 Opening of the first Tsui Wah restaurant in Shanghai, the PRC, which marked the beginning of our Group’s expansion into the PRC
- June 2009 Awarded with the 2008–2009 China Catering Brand International Tourist’s Choice (2008–2009年度國際遊客最喜愛的中國餐飲品牌) award by the Organizing Committee of Annual Meeting of China Hotel Industry (中國飯店業年會組織委員會)
- July 2009 Recognized as a Quality Restaurant by the Hong Kong Tourism Board
- July 2010 Opening of the Tsui Wah Group Centre (翠華集團中心) as our corporate headquarters
- September 2010 Opening of the first “Tsui Wah EATery” outlet at the Hong Kong International Airport, which marked the diversification of our  “Tsui Wah (翠華)” brand
- September 2010 Opening of our second Tsui Wah restaurant in Shanghai, the PRC
- May 2011 Opening of the Galaxy Macau Tsui Wah restaurant (澳門銀河翠華餐廳), which marked our expansion into Macau
- December 2011 Opening of the first “Tsui Wah Concept (翠華 Concept)” restaurant in Mong Kok, Hong Kong) as another extension of our  “Tsui Wah (翠華)” brand
- March 2012 Awarded the 2011–2012 Consumers’ Most Satisfied Chinese Restaurant (2011–2012年度最佳消費者滿意中國餐飲名店) and 2011–2012 Best Top-10 Famous Catering Chain Brand (2011–2012 年度中國十大馳名餐飲連鎖品牌) awards by the Organizing Committee of Annual Meeting of China Hotel Industry (中國飯店業年會組織委員會)
- May 2012 Opening of the first Tsui Wah restaurant in Wuhan, the PRC

We opened one, five, four⁽¹⁾ and three new restaurants, respectively, in each of the years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

⁽¹⁾ Includes one restaurant in Macau owned by one of our Jointly-Controlled Entities.

HISTORY, DEVELOPMENT AND REORGANIZATION

OUR GROUP COMPANIES

As at the Latest Practicable Date, our Group comprised our Company and 41 subsidiaries (including our Jointly-Controlled Entities) established in Hong Kong, the PRC, Macau, and the BVI:

Subsidiaries engaged in our restaurant operations in Hong Kong

<u>Name of subsidiary</u>	<u>Principal business activities</u>	<u>Date and place of incorporation</u>	<u>Interest attributable to our Group</u>	<u>Authorized share capital</u>	<u>Issued share capital</u>
Euro Success	operation of Tsuen Wan Hop Fat (合發) restaurant which ceased business in November 2010	January 6, 2006 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$1,225 divided into 1,225 shares of HK\$1 each
Green Wave	operation of Tuen Mun Tsui Wah restaurant	January 6, 2006 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10,000 divided into 10,000 shares of HK\$1 each
TW Restaurant Holding	operation of Yau Ma Tei Tsui Wah restaurant	August 12, 1993 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$9,400 divided into 9,400 shares of HK\$1 each
Win Idea	operation of San Po Kong Tsui Wah restaurant	July 25, 1989 (Hong Kong)	Approximately 99.23% (note 1)	HK\$1,400,000 divided into 1,400,000 shares of HK\$1 each	HK\$1,400,000 divided into 1,400,000 shares of HK\$1 each
Senfield	operation of Central Tsui Wah restaurant (Wellington Street)	March 16, 1998 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10,000 divided into 10,000 shares of HK\$1 each
Billioncom	operation of Causeway Bay (Jaffe Road) Tsui Wah restaurant	September 7, 1998 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$100 divided into 100 shares of HK\$1 each
Kenglory	operation of Causeway Bay (Cannon Street) Tsui Wah restaurant	December 5, 1996 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$9,000 divided into 9,000 shares of HK\$1 each
Sky Oasis	operation of Tsim Sha Tsui Tsui Wah restaurant and Pak Hoi Street Tsui Wah restaurant	December 10, 2004 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$8 divided into 8 shares of HK\$1 each
Happy Oasis	operation of Tsuen Wan (Shiu Wo Street) Tsui Wah restaurant	October 6, 2004 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10,000 divided into 10,000 shares of HK\$1 each
Royal Gold	operation of Aberdeen Tsui Wah restaurant	February 1, 2007 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$8 divided into 8 shares of HK\$1 each
Dragonsea	operation of our central kitchen supplying ingredients and processed food to our restaurants	December 12, 2005 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
Common Way	operation of Wanchai Tsui Wah restaurant	April 7, 2010 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each

HISTORY, DEVELOPMENT AND REORGANIZATION

<u>Name of subsidiary</u>	<u>Principal business activities</u>	<u>Date and place of incorporation</u>	<u>Interest attributable to our Group</u>	<u>Authorized share capital</u>	<u>Issued share capital</u>
Ever Million Rich	operation of "Tsui Wah Concept (翠華 Concept)" restaurant	April 7, 2010 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
Flying Gold	operation of restaurant to be opened in the future	June 16, 2011 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
Golden York	operation of Mong Kok Tsui Wah restaurant	August 3, 2009 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
Happy Billions	operation of Hong Kong airport Tsui Wah restaurant	July 18, 2011 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
Pioneer Ray	operation of Peak Road Tsui Wah restaurant	November 23, 2009 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
Richberg	operation of Hung To Road Tsui Wah restaurant and Supreme Catering	August 8, 2007 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
Special Wise	operation of To Kwa Wan Tsui Wah restaurant	April 23, 2010 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
Summer Rich	operation of restaurant to be opened in the future	June 14, 2011 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
TW Catering	operation of Des Voeux Road Tsui Wah restaurant	October 21, 1998 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
China Sure	operation of Tsuen Wan (Chung On Street) Tsui Wah restaurant and "Tsui Wah EATery" restaurant	January 14, 2009 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
Green Luck	operation of restaurant to be opened in the future	April 1, 2012 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10,000 divided into 10,000 shares of HK\$1 each
Green Treasure	operation of Tsui Wah Delivery (operation to be commenced)	June 26, 2012 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10,000 divided into 10,000 shares of HK\$1 each
New Top Star	operation of restaurant to be opened in the future	April 11, 2012 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10,000 divided into 10,000 shares of HK\$1 each
New Power Zone	operation of restaurant to be opened in the future	April 11, 2012 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10,000 divided into 10,000 shares of HK\$1 each

Note:

(1) Win Idea is held as to approximately 99.23% by Kang Wang, our wholly-owned subsidiary, and as to approximately 0.77% by the estate of Mr. Lee Sair Lit (李社烈) (deceased), father of Mr. Lee.

HISTORY, DEVELOPMENT AND REORGANIZATION

Subsidiaries principally engaged in our restaurant operations in the PRC

Name of subsidiary	Principal business activities	Date and place of incorporation	Interest attributable to our Group	Authorized share capital	Issued share capital
TW Catering Management	holding company of Shanghai Cai Hua and Shanghai Cui Sheng	December 29, 2006 (Hong Kong)	100%	HK\$1,200,000 divided into 1,200,000 shares of HK\$1 each	HK\$1,200,000 divided into 1,200,000 shares of HK\$1 each
Name of subsidiary	Principal business activities	Date and place of Incorporation	Interest attributable to our Group	Nature	Registered capital
Shanghai Cai Hua	operation of Shanghai Fumin Road Tsui Wah restaurant and Shanghai Xujiahui Road Tsui Wah restaurant	April 27, 2009 (PRC)	100%	Wholly-foreign owned enterprise	HK\$20.6 million
Shanghai Cui Sheng	operation of Shanghai South Xizang Road Tsui Wah restaurant	September 8, 2010 (PRC)	100%	Wholly-foreign owned enterprise	HK\$4.3 million
Wuhan Cai Hua	operation of Wuhan Han Road Tsui Wah restaurant	April 25, 2012 (PRC)	100%	Limited liability company	RMB2 million

Subsidiaries principally engaged in the general management of our Group

Name of subsidiary	Principal business activities	Date and place of incorporation	Interest attributable to our Group	Authorized share capital	Issued share capital
Famous China	registered owner of trademarks	March 5, 2003 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
Popular Green	investment holding of Pak Tat, a Jointly-Controlled Entity	December 17, 2009 (BVI)	100%	US\$50,000 divided into 50,000 shares of US\$1 each	US\$50,000 divided into 50,000 shares of US\$1 each
TW Patent	registered owner of trademarks	February 3, 2010 (BVI)	100%	US\$50,000 divided into 50,000 shares of US\$1 each	US\$8 divided into 8 shares of US\$1 each
TW Efford	general management of our Group	March 20, 1998 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10 divided into 10 shares of HK\$1 each
Joyhale	investment holding of Famous Star, a Jointly-Controlled Entity	July 3, 2008 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10,000 divided into 10,000 shares of HK\$1 each
Champion Richstar	owner of motor vehicles	June 14, 2012 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10,000 divided into 10,000 shares of HK\$1 each
Longwin Corporate	employment management of Tsui Wah Delivery	June 8, 2012 (Hong Kong)	100%	HK\$10,000 divided into 10,000 shares of HK\$1 each	HK\$10,000 divided into 10,000 shares of HK\$1 each

HISTORY, DEVELOPMENT AND REORGANIZATION

During the Track Record Period, all of our subsidiaries were controlled by our Core Shareholders as confirmed by the Acting in Concert Confirmation and there were no significant changes in the beneficial shareholding of our subsidiaries.

Our Jointly-Controlled Entities

Set out below are our Jointly-Controlled Entities, in which we own a majority shareholding but have no unilateral control over their economic activities. These companies are considered as Jointly-Controlled Entities in the Accountants' Report set out in Appendix I to this prospectus but are otherwise considered as subsidiaries under the Listing Rules and are included as such in this prospectus, unless stated otherwise.

Famous Star

Famous Star, a Jointly-Controlled Entity, was incorporated in Hong Kong with limited liability on October 15, 2008 with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. The issued share capital of Famous Star, which is HK\$10,000 divided into 10,000 shares of HK\$1 each, is owned as to 80% by Joyhale, our indirectly wholly-owned subsidiary, and as to 20% by our joint venture partner.

Famous Star is principally engaged in the operation of Tseung Kwan O Tsui Wah restaurant (將軍澳翠華餐廳). Famous Star was established pursuant to the Famous Star JV Agreement, which contains the following salient terms:

(i) Duration of the agreement

- The term of the Famous Star JV Agreement is four and a half years, commencing from January 1, 2009 and ending on July 31, 2013.

(ii) Profit sharing ratio

- Profit will be shared between Joyhale and our joint venture partner according to their respective portion of equity interests in Famous Star. By way of reference, as at the date of this prospectus, Famous Star is owned as to 80% by Joyhale and 20% by our joint venture partner.

(iii) Rights and obligations for both Joyhale and our joint venture partner

- All the expenses and revenue of the operations and management of the Tseung Kwan O Tsui Wah restaurant (將軍澳翠華餐廳) shall be paid and apportioned according to their respective portion of equity interests in Famous Star. By way of reference, as at the date of this prospectus, Famous Star is owned as to 80% by Joyhale and 20% by our joint venture partner.
- Matters regarding public relations shall be determined jointly by Joyhale and our joint venture partner.
- Any expenses of Famous Star exceeding its respective percentage of the operations budget shall be discussed and agreed upon jointly by Joyhale and our joint venture partner.

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(iv) Rights and obligations for Joyhale

- Joyhale shall be responsible for matters regarding daily operations, management, procurement, staff recruitment, accounts and licenses of the Tseung Kwan O Tsui Wah restaurant (將軍澳翠華餐廳).
- Joyhale shall submit all receipts and invoices for any expenses incurred in a month to our joint venture partner for approval and subsequently, issue a cheque to be drawn from Famous Star's account.
- Joyhale shall submit to our joint venture partner a daily revenue table on daily basis and a monthly revenue table on the seventh day of each month for the preceding month. Any cash received shall be deposited into Famous Star's bank account on a daily basis.

(v) Rights and obligations for our joint venture partner

- All matters regarding designs and renovations of the Tseung Kwan O Tsui Wah restaurant (將軍澳翠華餐廳) shall be approved by our joint venture partner.

There is no clause governing termination and nomination of directors in the Famous Star JV Agreement.

Pak Tat

Pak Tat, a Jointly-Controlled Entity, was incorporated in Macau with limited liability on October 30, 2008 with a registered capital of MOP25,000. Pak Tat is held as to 70% by Popular Green, our indirectly wholly-owned subsidiary, and as to 30% by our joint venture partner.

Pak Tat is principally engaged in the operation of Galaxy Macau Tsui Wah restaurant (澳門銀河翠華餐廳). Pak Tat was established pursuant to the Pak Tat JV Agreement, which contains the following salient terms:

(i) Duration of the agreement

- There is no specified term in the Pak Tat JV Agreement, which is subject to the termination clauses referred to in (vi) below.

(ii) Profit sharing ratio/ distribution of dividends

- Popular Green and our joint venture partner shall procure Pak Tat to apply or distribute its net profit (after provision for tax to be paid or accrued due in any financial year) by way of dividends pro-rata to their respective portion of equity interests in Pak Tat. By way of reference, as at the date of this prospectus, Pak Tat is owned as to 70% by Popular Green and 30% by our joint venture partner.

(iii) Corporate governance

- The board of directors of Pak Tat shall at all times during the term of the Pak Tat JV Agreement comprise two directors nominated by Popular Green and two directors nominated by our joint venture partner.

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(iv) Rights and obligations of our joint venture partner

- Our joint venture partner shall use its best endeavours to assist Popular Green and/or Pak Tat in applying for the work permits/visas in Macau for the overseas key personnel of the Galaxy Macau Tsui Wah restaurant (澳門銀河翠華餐廳).

(v) Rights and obligations of Popular Green

- Popular Green shall provide the key personnel as may be required by Pak Tat for the restaurant operations on a secondment basis or on such other basis, at the reasonable costs of Pak Tat.
- Popular Green shall provide Pak Tat with necessary know-how, secret formulae and processes so to ensure that the (a) quality of food and drinks; (b) services and operations, of the Galaxy Macau Tsui Wah restaurant are substantially the same as other Tsui Wah restaurants operated by Popular Green (and/or its affiliates) in Hong Kong; and waive all of Popular Green's or such affiliates' rights (legal or otherwise), claims or causes of action against any of Pak Tat, its directors, officers, employees and agents in respect of the use of or otherwise dealings with such know-how, secret formulae and processes in the operations of the restaurant provided that such right to use shall cease upon termination or early termination of the Pak Tat JV Agreement.

(vi) Termination

- In the event of default of either party to the Pak Tat JV Agreement, the non-defaulting party shall be entitled at any time thereafter to serve a notice of termination on the defaulting party.
- In the event of the occurrence of a deadlock, our joint venture partner shall be entitled at any time thereafter to serve a notice of termination on Popular Green. Upon the issuance of the notice of termination, our joint venture partner shall be entitled to purchase all (but not some only) of the equity interests and shareholder's loans beneficially owned by Popular Green in Pak Tat by giving the buyout notice.

Our Directors confirm that there was, and they currently expect that there will be, no connected transactions between our Group (including our Jointly-Controlled Entity(ies)) and (a) our respective joint venture partners and their respective associates; and (b) the directors of our Jointly-Controlled Entity(ies) and their respective associates.

Treatment of Jointly Controlled Entities under the Listing Rules

Because none of our Company nor our joint venture partners exert unilateral control over Famous Star and Pak Tat, Famous Star and Pak Tat are considered Jointly-Controlled Entities, rather than subsidiaries, of our Company for accounting purposes.

However, the Listing Rules currently do not contain any provisions in relation to jointly-controlled entities of a listed group, and Famous Star and Pak Tat are within the meaning of "subsidiary undertakings" under Schedule 23 of the Companies Ordinance and are therefore defined as "subsidiaries" under the Listing Rules. For the sole purpose of the Listing and compliance with the Listing Rules, our existing and future Jointly-Controlled Entities should in general be regulated in a manner consistent with the regulation of subsidiaries of a listed group

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for the purposes of applying the Listing Rules (apart from Rules 13.13 to 13.19 of the Listing Rules relating to disclosure of financial information). Summarized below is the applicability of the key provisions under the Listing Rules relating to our Jointly-Controlled Entities:

- (i) financial information relating to our Jointly-Controlled Entities disclosed in this prospectus in accordance with the relevant provisions of the applicable accounting standards.
- (ii) the activities of our Jointly-Controlled Entities are considered as part of our Group's activities and are subject to Rule 13.09(1) of the Listing Rules as such.
- (iii) in respect of Chapter 14 the Listing Rules, the transactions undertaken by our Jointly-Controlled Entities will be treated as transactions of our Group for the purposes of identifying notifiable transactions.
- (iv) in respect of Chapter 14A of the Listing Rules, our Jointly-Controlled Entities will be considered as part of our Group for purposes of applying the connected transactions requirements.
- (v) connected persons of our Group will include our joint venture partners and the directors of our Jointly-Controlled Entities and their respective associates.
- (vi) transactions between our Group (including our Jointly-Controlled Entities) on the one hand, and (a) the joint venture partners and their respective associates; (b) the directors of our Jointly-Controlled Entities and their respective associates; and (c) the connected persons of our Group (e.g. our substantial Shareholders and their respective associates), on the other, would be considered as connected transactions under Chapter 14A of the Listing Rules.
- (vii) the Stock Exchange may exercise discretion to deem transactions involving amendments to the terms of the joint venture agreements to be connected transactions.
- (viii) for the purpose of Chapter 13 of the Listing Rules on continuing obligations, the definition of "*major subsidiary*" will apply to our Jointly-Controlled Entities.
- (ix) an issue by our Jointly-Controlled Entities and their respective subsidiaries (which there is currently none) will be applicable to the requirements under Chapter 15 of the Listing Rules on the issuance of options, rights and warrants.
- (x) Chapter 17 of the Listing Rules governs the share option scheme of our Company or any of our subsidiaries, including our Jointly-Controlled Entities.
- (xi) Practice Note 15 will apply to any proposals to affect the separate listing on the Stock Exchange or elsewhere of assets or business wholly or partly within our Group, including operations conducted by the Jointly-Controlled Entities.

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OUR CORPORATE DEVELOPMENT

Overview

Prior to November 2011, our Group was a group of private entities directly owned by our Core Shareholders, namely Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung, and Mr. YP Cheung and/or entities controlled by them, without a single holding company. In preparation for the Listing, we undertook a series of restructuring steps beginning in November 2011 for the purpose of transferring assets and businesses from our Core Shareholders to our Company and streamlining our shareholding structure. These restructuring steps comprised the following steps:

- (1) the Kang Wang/Cui Xin Restructuring, whereby Kang Wang became the holding company of our subsidiaries principally engaged in our restaurant operations in Hong Kong and the general management of our Group and Cui Xin became the holding company of our subsidiaries principally engaged in our restaurant operations in the PRC;
- (2) certain shareholding adjustments, whereby certain non-controlling interests in some of our subsidiaries were acquired from Independent Third Parties by Kang Wang; and
- (3) the Reorganization, whereby our Company was incorporated and became the holding company of our Group.

As a result of these restructuring steps, our subsidiaries were consolidated into the following two principal subsidiaries, which are directly wholly-owned by our Company:

- (a) Kang Wang — all of the subsidiaries held directly or indirectly by Kang Wang are involved in our restaurant operations in Hong Kong and Macau, as well as the general management of our Group; and
- (b) Cui Xin — all of the subsidiaries directly or indirectly held by Cui Xin are engaged in our restaurant operations in the PRC.

Kang Wang was incorporated in the BVI with limited liability on July 12, 2011 with an authorized share capital of HK\$2,000,000 divided into 2,000,000 shares of HK\$1 each. Its entire issued share capital, which is held as to 100% by our Company, comprises HK\$1,000,000 divided into 1,000,000 shares of HK\$1 each. On October 17, 2011, Kang Wang acquired the majority interests in certain subsidiaries of our Group in order to streamline and consolidate our Controlling Shareholders' interests in these subsidiaries in preparation for the Kang Wang/Cui Xin Restructuring:

- (i) on October 17, 2011, TW Restaurant Holding allotted and issued 7,210 shares to Kang Wang at par value, representing approximately 76.70% of the entire issued share capital of TW Restaurant Holding at that time;
- (ii) on October 17, 2011, Kenglory allotted and issued 7,775 shares to Kang Wang at par value, representing approximately 86.39% of the entire issued share capital of Kenglory at that time;
- (iii) on October 17, 2011, Happy Oasis allotted and issued 9,400 shares to Kang Wang at par value, representing 94% of the entire issued share capital of Happy Oasis at that time;

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- (iv) on October 17, 2011, Green Wave allotted and issued 7,808 shares to Kang Wang at par value, representing approximately 78.08% of the entire issued share capital of Green Wave at that time;
- (v) on October 17, 2011, Senfield allotted and issued 8,500 shares to Kang Wang at par value, representing 85% of the entire issued share capital of Senfield at that time; and
- (vi) on October 17, 2011, Win Idea allotted and issued 685,714 shares to Kang Wang at par value, representing approximately 48.98% of the entire issued share capital of Win Idea at that time.

Cui Xin was incorporated in the BVI with limited liability on September 28, 2011 with an authorized share capital of HK\$2,000,000 divided into 2,000,000 shares of HK\$1 each. Its entire issued share capital, which is held as to 100% by our Company, comprises HK\$1,000,000 divided into 1,000,000 shares of HK\$1 each. During the Track Record Period, both Kang Wang and Cui Xin were wholly-owned by our Controlling Shareholders (and also by Macca Investment since December 1, 2011) and there were no significant changes in the shareholding of Kang Wang and Cui Xin.

Prior to the implementation of the Kang Wang/Cui Xin Restructuring, certain subsidiaries of our Group, namely Senfield, Happy Oasis, TW Restaurant Holding, Win Idea, Kenglory and Green Wave were held by a number of minority shareholders, some of whom are present or former employees of our Group. During their service in our Group, these minority shareholders have developed close personal and business ties with our Core Shareholders. As a means to recognize their personal relationships, our Core Shareholders have, throughout our corporate history, decided to have these minority shareholders participate in the equity interests of the relevant subsidiaries.

All minority interests owned by these minority shareholders have been acquired by Kang Wang and/or our Core Shareholders in March, May and June 2012 (save for approximately 0.77% of the shareholding of Win Idea, which is held by the estate of Mr. LEE Sair Lit, deceased father of Mr. Lee), in preparation for the Listing. Our Directors are of the opinion that it is in the interests of our Group establish a streamlined and transparent corporate and shareholding structure for the benefits of prospective investors and public Shareholders.

Acting in Concert Confirmation

Over the course of our business history, our Core Shareholders were either legal owner of the shares in each of our subsidiaries (excluding our Jointly-Controlled Entities) comprising our Group, or shared the operating results in these subsidiaries as business beneficiaries. Each of the Core Shareholders has, in exercising and implementing the management and operation of these subsidiaries, been acting in concert with each other. Because we were a group of private entities in the past, these arrangements were not formalized in writing and each of our Core Shareholders was content with these arrangements based on their close and long-term business and personal relationship, as well as the trust and confidence they have in each other. Our Core Shareholders have confirmed that (i) the acting in concert arrangements with respect to each Relevant Subsidiary (as defined below) had become effective upon any Core Shareholder(s) becoming the registered shareholder of each such Relevant Subsidiary; and (ii) the business stake of each Core Shareholder in each such Relevant Subsidiary was pro-rata to their respective shareholding in Kang Wang immediately prior to the implementation of our Reorganization. Kang Wang was owned as to approximately 38.11%, 29.54%, 11.43%, 8.56% and 6.36%, respectively, by Mr. Lee, Mr. Ho, Mr. YT Cheung (through their respective interests in Cui Fa), Mr. WK Cheung (through his 100% interests in Ample Favour) and Mr. YP Cheung (through his 100% interests in Victor Leap).

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On November 5, 2012, in preparation for the Listing, our Core Shareholders executed the Acting in Concert Confirmation, whereby they confirmed the existence of their acting in concert arrangements in the past, as well as their intention to continue to act in the above manner upon the Listing to consolidate their control of our Group until the Acting in Concert Confirmation is terminated by the Core Shareholders in writing. The Acting in Concert Confirmation covers our Company and a total of 37 subsidiaries (the “Relevant Subsidiaries” and each a “Relevant Subsidiary”), including Happy Billions, Green Wave, Euro Success, TW Restaurant Holding, Win Idea, Senfield, Billioncom, Kenglory, Sky Oasis, Happy Oasis, Royal Gold, Dragonsea, TW Catering Management, Joyhale, TW Efford, Common Way, Ever Million Rich, Flying Gold, Golden York, Pioneer Ray, Richberg, Special Wise, Summer Rich, TW Catering, China Sure, Famous China, Popular Green, TW Patent, Kang Wang, Cui Xin, Joy Express (for the period up to September 30, 2009) Champion Richstar, Green Luck, Green Treasure, Longwin Corporate, New Top Star and New Power Zone. The Acting in Concert Confirmation contains the following salient terms:

According to the Acting in Concert Confirmation, with respect to the businesses of the Relevant Subsidiaries, each of our Core Shareholders confirm to each other that, for the entire duration when all of them were/are contemporaneously either the legal owners of shares and/or the business beneficiaries in each of the Relevant Subsidiaries and, after the incorporation of our Company:

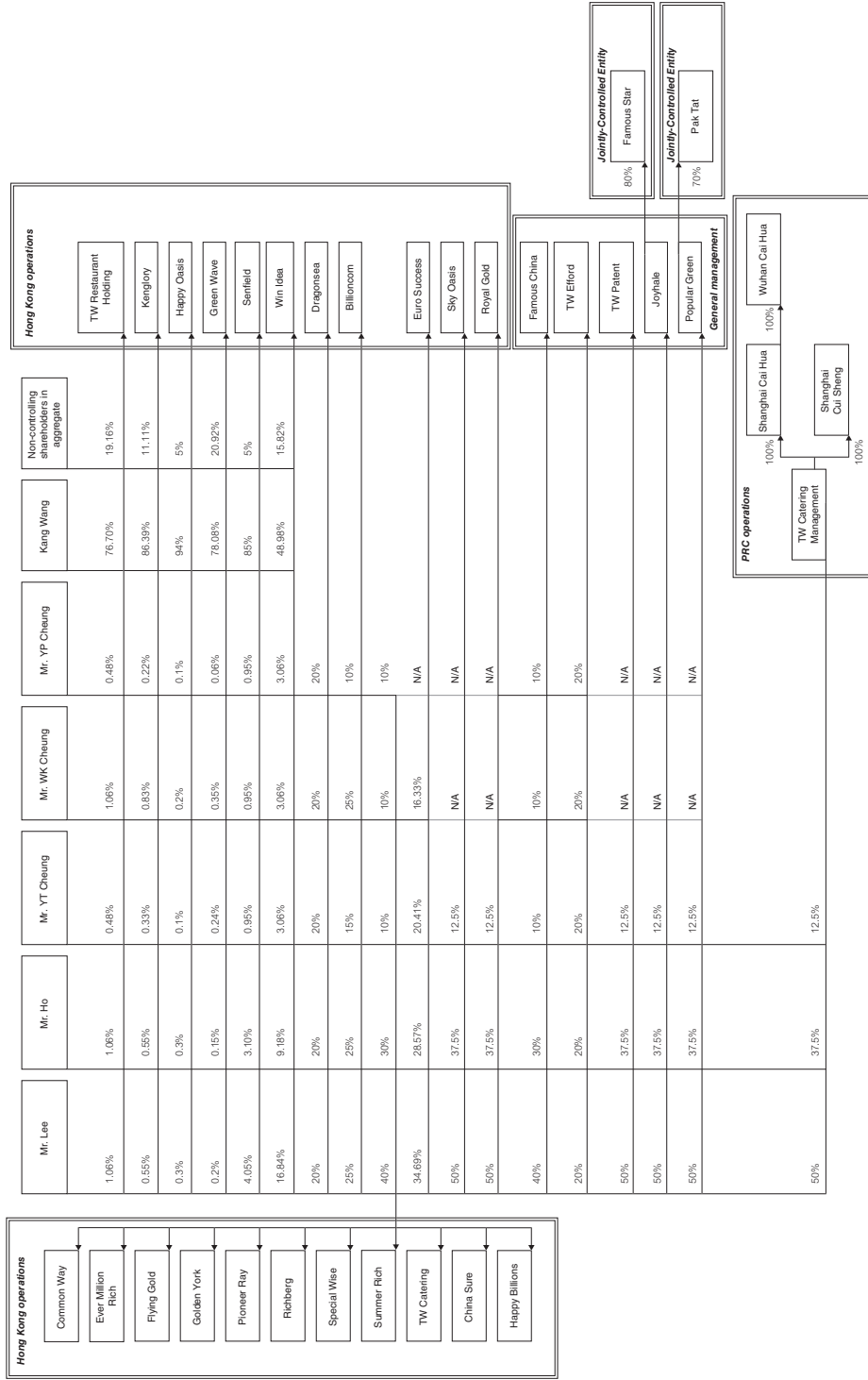
- (a) they had agreed to, and shall continue to, consult each other and reach unanimous consensus among themselves on such matters being the subject matters of any shareholders’ resolution prior to putting forward such resolution to be passed at any shareholders’ meeting of our Company and the Relevant Subsidiaries (as the case may be) and have historically voted on such resolutions in the same way;
- (b) they have been enjoying, and shall continue to enjoy, the economic benefits generated from all Relevant Subsidiaries from the businesses and projects of our Group, which include but shall not be limited to, dividends declared or to be declared (if any), from the businesses and projects of our Group;
- (c) where there was or is any suitable business opportunity or project for our Group, they have been engaging in, and shall continue to engage in, discussions as to whether they should participate and, if so, in whose name amongst themselves they should participate and the extent of participation in terms of investment and management; and
- (d) they have centralized, and shall continue to centralize, the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of our Group.

Hence, pursuant to the Acting in Concert Confirmation, Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung, Mr. YP Cheung, Cui Fa, Ample Favour and Victor Leap will together be entitled to exercise and control approximately 70.35% of our entire issued share capital upon the completion of the Capitalization Issue and Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme).

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Kang Wang/Cui Xin Restructuring

Prior to the implementation of Kang Wang/Cui Xin Restructuring, the structure (as at October 31, 2011) of our Group was as follows:



Note:
 (1) All non-controlling shareholders of our subsidiaries are Independent Third Parties to our Group and our Controlling Shareholders.

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Set out below are the steps involved in the Kang Wang/Cui Xin Restructuring, which, because all of our Group's businesses were directly or indirectly held by our Controlling Shareholders, were akin to intra-group transfers:

- (i) **Happy Billions:** On February 6, 2012 and February 7, 2012, (a) Mr. Lee transferred his four shares in Happy Billions to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in Happy Billions to Kang Wang at an aggregate consideration of HK\$3; and (c) Mr. YT Cheung, Mr. YP Cheung and Mr. WK Cheung transferred their respective one share in Happy Billions to Kang Wang at a consideration of HK\$1 respectively.
- (ii) **Green Wave:** On February 6, 2012, (a) Mr. WK Cheung transferred his 35 shares in Green Wave to Kang Wang at an aggregate consideration of HK\$35; (b) Mr. YT Cheung transferred his 24 shares in Green Wave to Kang Wang at an aggregate consideration of HK\$24; (c) Mr. Ho transferred his 15 shares in Green Wave to Kang Wang at a consideration of HK\$15; (d) Mr. Lee transferred his 20 shares in Green Wave to Kang Wang at a consideration of HK\$20; and (e) Mr. YP Cheung transferred his 6 shares in Green Wave to Kang Wang at a consideration of HK\$6.
- (iii) **Euro Success:** On February 6, 2012, (a) Mr. Lee transferred his 425 shares in Euro Success to Kang Wang at an aggregate consideration of HK\$425; (b) Mr. Ho transferred his 350 shares in Euro Success to Kang Wang at an aggregate consideration of HK\$350; (c) Mr. YT Cheung transferred his 250 shares in Euro Success to Kang Wang at a consideration of HK\$250; and (d) Mr. WK Cheung transferred his 200 shares in Euro Success to Kang Wang at a consideration of HK\$200.
- (iv) **TW Restaurant Holding:** On February 6, 2012, (a) Mr. Lee transferred his 100 shares in TW Restaurant Holding to Kang Wang at an aggregate consideration of HK\$100; (b) Mr. Ho transferred his 100 shares in TW Restaurant Holding to Kang Wang at an aggregate consideration of HK\$100; (c) Mr. YT Cheung transferred his 45 shares in TW Restaurant Holding to Kang Wang at a consideration of HK\$45; (d) Mr. WK Cheung transferred his 100 shares in TW Restaurant Holding to Kang Wang at a consideration of HK\$100; and (e) Mr. YP Cheung transferred his 45 shares in TW Restaurant Holding to Kang Wang at a consideration of HK\$45.
- (v) **Win Idea:** On February 6, 2012, (a) Mr. Lee transferred his 235,715 shares in Win Idea to Kang Wang at an aggregate consideration of HK\$235,715; (b) Mr. Ho transferred his 128,572 shares in Win Idea to Kang Wang at an aggregate consideration of HK\$128,572; (c) Mr. YT Cheung transferred his 42,857 shares in Win Idea to Kang Wang at an aggregate consideration of HK\$42,857; and (d) Mr. WK Cheung transferred his 42,857 shares in Win Idea to Kang Wang at an aggregate consideration of HK\$42,857. On February 7, 2012, Mr. YP Cheung transferred his 42,857 shares in Win Idea to Kang Wang at an aggregate consideration of HK\$42,857.
- (vi) **Senfield:** On February 6, 2012, (a) Mr. Lee transferred his 405 shares in Senfield to Kang Wang at an aggregate consideration of HK\$405; (b) Mr. Ho transferred his 310 shares in Senfield to Kang Wang at an aggregate consideration of HK\$310; (c) Mr. WK Cheung transferred his 95 shares in Senfield to Kang Wang at an aggregate consideration of HK\$95; (d) Mr. YP Cheung transferred his 95 shares in Senfield to Kang Wang at an aggregate consideration of HK\$95; and (e) Mr. YT Cheung transferred his 95 shares in Senfield to Kang Wang at an aggregate consideration of HK\$95.

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- (vii) **Billioncom:** On February 6, 2012, (a) Mr. Lee transferred his 25 shares in Billioncom to Kang Wang at an aggregate consideration of HK\$25; (c) Mr. Ho transferred his 25 shares in Billioncom to Kang Wang at an aggregate consideration of HK\$25; (c) Mr. WK Cheung transferred his 25 shares in Billioncom to Kang Wang at an aggregate consideration of HK\$25; (d) Mr. YP Cheung transferred his ten shares in Billioncom to Kang Wang at an aggregate consideration of HK\$10; and (e) Mr. YT Cheung transferred his 15 shares in Billioncom to Kang Wang at an aggregate consideration of HK\$15.
- (viii) **Kenglory:** On February 6, 2012, (a) Mr. Lee transferred his 50 shares in Kenglory to Kang Wang at an aggregate consideration of HK\$50; (b) Mr. Ho transferred his 50 shares in Kenglory to Kang Wang at an aggregate consideration of HK\$50; (c) Mr. YP Cheung transferred his 20 shares in Kenglory to Kang Wang at an aggregate consideration of HK\$20; (d) Mr. WK Cheung transferred his 75 shares in Kenglory to Kang Wang at an aggregate consideration of HK\$75; and (e) Mr. YT Cheung transferred his 30 shares in Kenglory to Kang Wang at an aggregate consideration of HK\$30.
- (ix) **Sky Oasis:** On February 6, 2012, Mr. Lee transferred his four shares in Sky Oasis to Kang Wang at an aggregate consideration of HK\$4; Mr. Ho transferred his three shares in Sky Oasis to Kang Wang at an aggregate consideration of HK\$3; and Mr. YT Cheung transferred his one share in Sky Oasis to Kang Wang at a consideration of HK\$1.
- (x) **Happy Oasis:** On February 6, 2012, Mr. Lee and Mr. Ho transferred their respective 30 shares in Happy Oasis to Kang Wang at an aggregate consideration of HK\$30 respectively; Mr. YP Cheung and Mr. YT Cheung transferred their respective ten shares in Happy Oasis to Kang Wang at an aggregate consideration of HK\$10 respectively; and Mr. WK Cheung transferred his 20 shares in Happy Oasis to Kang Wang at an aggregate consideration of HK\$20.
- (xi) **Royal Gold:** On February 6, 2012, (a) Mr. Lee transferred his four shares in Royal Gold to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in Royal Gold to Kang Wang at an aggregate consideration of HK\$3; and (c) Mr. YT Cheung transferred his one share in Royal Gold to Kang Wang at a consideration of HK\$1.
- (xii) **Dragonsea:** On February 6, 2012, Mr. Lee, Mr. Ho, Mr. YP Cheung, Mr. YT Cheung and Mr. WK Cheung transferred their respective two shares in Dragonsea to Kang Wang at an aggregate consideration of HK\$2 each.
- (xiii) **Joyhale:** On February 6, 2012, (a) Mr. Lee transferred his 5,000 shares in Joyhale to Kang Wang at an aggregate consideration of HK\$5,000; (b) Mr. Ho transferred his 3,750 shares in Joyhale to Kang Wang at an aggregate consideration of HK\$3,750; and (c) Mr. YT Cheung transferred his 1,250 shares in Joyhale to Kang Wang at an aggregate consideration of HK\$1,250.
- (xiv) **TW Efford:** On February 6, 2012, Mr. Lee transferred his two shares in TW Efford to Kang Wang at an aggregate consideration of HK\$2; Mr. Ho transferred his two shares in TW Efford to Kang Wang at an aggregate consideration of HK\$2; Mr. YP Cheung transferred his two shares in TW Efford to Kang Wang at an aggregate consideration of HK\$2; Mr. WK Cheung transferred his two shares in TW Efford to Kang Wang at an aggregate consideration of HK\$2; and Mr. YT Cheung transferred his 2 shares in TW Efford to Kang Wang at a consideration of HK\$2.

HISTORY, DEVELOPMENT AND REORGANIZATION

- (xv) **Common Way:** On February 6, 2012, (a) Mr. Lee transferred his four shares in Common Way to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in Common Way to Kang Wang at an aggregate consideration of HK\$3; (c) Mr. YP Cheung transferred his one share in Common Way to Kang Wang at a consideration of HK\$1; (d) Mr. YT Cheung transferred his one share in Common Way to Kang Wang at an aggregate consideration of HK\$1; and (e) Mr. WK Cheung transferred his one share in Common Way to Kang Wang at a consideration of HK\$1.
- (xvi) **Ever Million Rich:** On February 6, 2012, (a) Mr. Lee transferred his four shares in Ever Million Rich to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in Ever Million Rich to Kang Wang at an aggregate consideration of HK\$3; (c) Mr. YP Cheung transferred his one share in Ever Million Rich to Kang Wang at a consideration of HK\$1; (d) Mr. YT Cheung transferred his one share in Ever Million Rich to Kang Wang at a consideration of HK\$1; and (e) Mr. WK Cheung transferred his one share in Ever Million Rich to Kang Wang at a consideration of HK\$1.
- (xvii) **Flying Gold:** On February 6, 2012, (a) Mr. Lee transferred his four shares in Flying Gold to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in Flying Gold to Kang Wang at an aggregate consideration of HK\$3; (c) Mr. YP Cheung transferred his one share in Flying Gold to Kang Wang at a consideration of HK\$1; (d) Mr. YT Cheung transferred his one share in Flying Gold to Kang Wang at a consideration of HK\$1; and (e) Mr. WK Cheung transferred his one share in Flying Gold to Kang Wang at a consideration of HK\$1.
- (xviii) **Golden York:** On February 6, 2012, (a) Mr. Lee transferred his four shares in Golden York to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in Golden York to Kang Wang at an aggregate consideration of HK\$3; (c) Mr. YP Cheung transferred his one share in Golden York to Kang Wang at a consideration of HK\$1; (d) Mr. YT Cheung transferred his one share in Golden York to Kang Wang at a consideration of HK\$1; and (e) Mr. WK Cheung transferred his one share in Golden York to Kang Wang at a consideration of HK\$1.
- (xix) **Pioneer Ray:** On February 6, 2012, (a) Mr. Lee transferred his four shares in Pioneer Ray to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in Pioneer Ray to Kang Wang at an aggregate consideration of HK\$3; (c) Mr. YP Cheung transferred his one share in Pioneer Ray to Kang Wang at a consideration of HK\$1; (d) Mr. YT Cheung transferred his one share in Pioneer Ray to Kang Wang at a consideration of HK\$1; and (e) Mr. WK Cheung transferred his one share in Pioneer Ray to Kang Wang at a consideration of HK\$1.
- (xx) **Richberg:** On February 6, 2012, (a) Mr. Lee transferred his four shares in Richberg to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in Richberg to Kang Wang at an aggregate consideration of HK\$3; (c) Mr. YP Cheung transferred his one share in Richberg to Kang Wang at a consideration of HK\$1; (d) Mr. YT Cheung transferred his one share in Richberg to Kang Wang at a consideration of HK\$1; and (e) Mr. WK Cheung transferred his one share in Richberg to Kang Wang at a consideration of HK\$1.
- (xxi) **Special Wise:** On February 6, 2012, (a) Mr. Lee transferred his four shares in Special Wise to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in Special Wise to Kang Wang at an aggregate consideration of HK\$3; (c) Mr. YP Cheung transferred his one share in Special Wise to Kang Wang at a

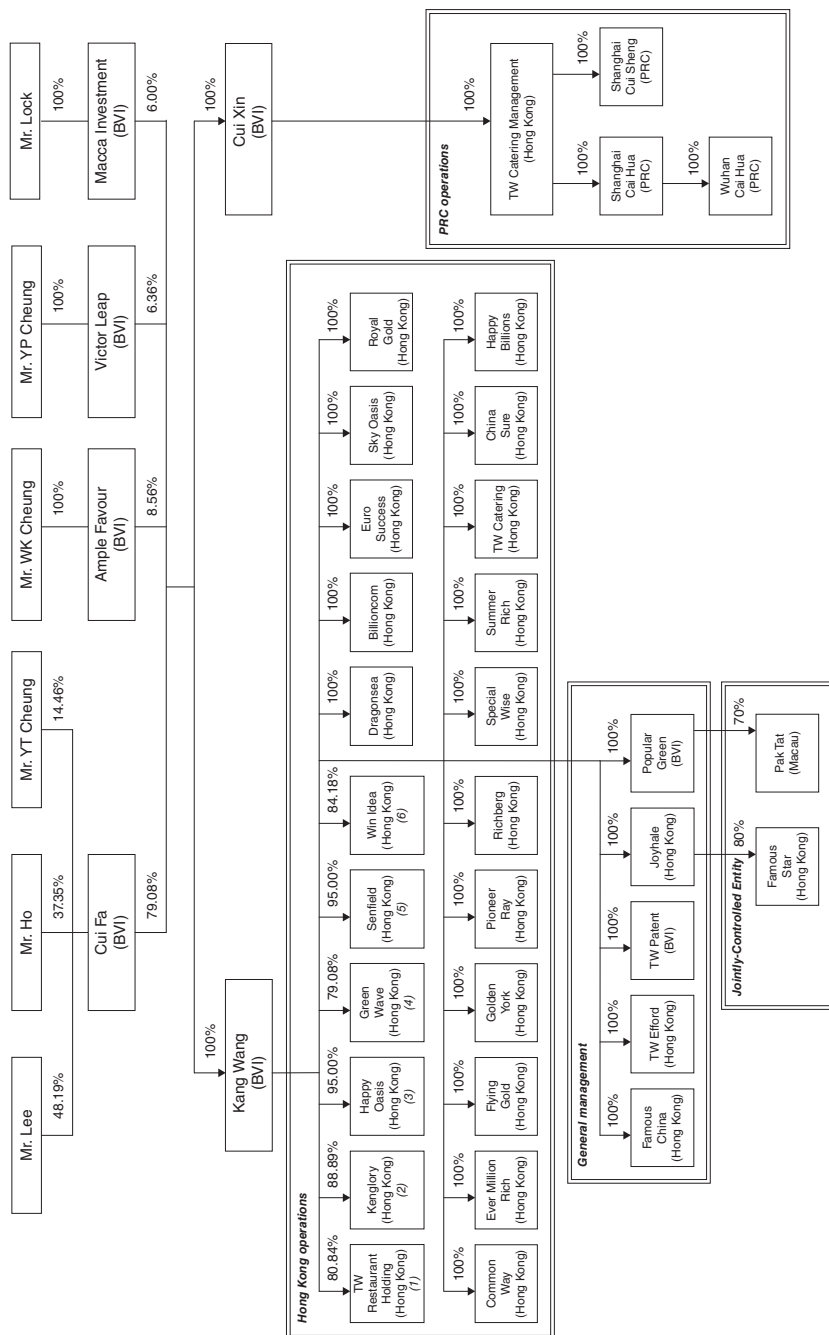
HISTORY, DEVELOPMENT AND REORGANIZATION

consideration of HK\$1; (d) Mr. YT Cheung transferred his one share in Special Wise to Kang Wang at a consideration of HK\$1; and (e) Mr. WK Cheung transferred his one share in Special Wise to Kang Wang at a consideration of HK\$1.

- (xxii) **Summer Rich:** On February 6, 2012, (a) Mr. Lee transferred his four shares in Summer Rich to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in Summer Rich to Kang Wang at an aggregate consideration of HK\$3; (c) Mr. YP Cheung transferred his one share in Summer Rich to Kang Wang at a consideration of HK\$1; (d) Mr. YT Cheung transferred his one share in Summer Rich to Kang Wang at a consideration of HK\$1; and (e) Mr. WK Cheung transferred his one share in Summer Rich to Kang Wang at a consideration of HK\$1.
- (xxiii) **TW Catering:** On February 6, 2012, Mr. Lee transferred his four shares in TW Catering to Kang Wang at an aggregate consideration of HK\$4, Mr. YP Cheung transferred his one share in TW Catering to Kang Wang at an aggregate consideration of HK\$1, Mr. WK Cheung transferred his one share in TW Catering to Kang Wang at a consideration of HK\$1, Mr. Ho transferred his three shares in TW Catering to Kang Wang at a consideration of HK\$3 and Mr. YT Cheung transferred his one share in TW Catering to Kang Wang at a consideration of HK\$1.
- (xxiv) **TW Patent:** On November 1, 2011, (a) Mr. Lee transferred his four shares in TW Patent to Kang Wang at an aggregate consideration of US\$4; (b) Mr. Ho transferred his three shares in TW Patent to Kang Wang at an aggregate consideration of US\$3; and (c) Mr. YT Cheung transferred his one share in TW Patent to Kang Wang at a consideration of US\$1.
- (xxv) **China Sure:** On November 1, 2012, (a) Mr. Lee transferred his four shares in China Sure to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in China Sure to Kang Wang at an aggregate consideration of HK\$3; (c) Mr. YP Cheung transferred his one share in China Sure to Kang Wang at a consideration of HK\$1; (d) Mr. YT Cheung transferred his one share in China Sure to Kang Wang at a consideration of HK\$1; and (e) Mr. WK Cheung transferred his one share in China Sure to Kang Wang at a consideration of HK\$1.
- (xxvi) **Popular Green:** On November 1, 2011, (a) Mr. Lee transferred his 25,000 shares in Popular Green to Kang Wang at an aggregate consideration of US\$25,000; (b) Mr. Ho transferred his 18,750 shares in Popular Green to Kang Wang at an aggregate consideration of US\$18,750; and (c) Mr. YT Cheung transferred his 6,250 shares in Popular Green to Kang Wang at an aggregate consideration of US\$6,250.
- (xxvii) **Famous China:** On February 6, 2012, (a) Mr. Lee transferred his four shares in Famous China to Kang Wang at an aggregate consideration of HK\$4; (b) Mr. Ho transferred his three shares in Famous China to Kang Wang at a consideration of HK\$3; (c) Mr. YP Cheung transferred his one share in Famous China to Kang Wang at an aggregate consideration of HK\$1; (d) Mr. YT Cheung transferred his one share in Famous China to Kang Wang at a consideration of HK\$1; and (e) Mr. WK Cheung transferred his one share in Famous China to Kang Wang at a consideration of HK\$1.
- (xxviii) **TW Catering Management:** On February 13, 2012, (i) Mr. Lee transferred his 600,000 shares in TW Catering Management to Cui Xin in consideration for shares in Cui Xin; (ii) Mr. Ho transferred his 450,000 shares in TW Catering Management to Cui Xin in consideration for shares in Cui Xin; and (iii) Mr. YT Cheung transferred his 150,000 shares in TW Catering Management to Cui Xin in consideration for shares in Cui Xin.

HISTORY, DEVELOPMENT AND REORGANIZATION

Set forth below is the corporate structure of our Group immediately following the completion of the Kang Wang/Cui Xin Restructuring (as at February 14, 2012):



Notes:

- (1) TW Restaurant Holding was held as to approximately 80.84% by Kang Wang and as to approximately 5.32%, 5.32%, 2.13%, 2.13% and 4.26%, respectively, by Mr. WONG Tai Shang* (黃大生), Mr. GE Wai Keung* (葛偉強), Mr. CHEUNG Yuen Hing* (張源慶), Ms. LEUNG Lai Ching* (梁麗清) and Mr. TSANG Kin Hung (曾建雄), each being an Independent Third Party.
- (2) Kengglory was held as to approximately 88.89% by Kang Wang and as to approximately 8.89% and 2.22%, respectively, by Mr. TSANG Kin Hung (曾建雄) and Mr. WONG Sin Mau (王善謀), each being an Independent Third Party.
- (3) Happy Oasis was held as to 95.00% by Kang Wang and as to 5.00% by Mr. Chau, an employee of our Group and an Independent Third Party.
- (4) Green Wave was held as to approximately 79.08% by Kang Wang and as to approximately 0.71%, 1%, 5%, 5%, 0.71%, 1%, 2% and 5.50% by Mr. CHEUNG Woon Kei* (張煥基), Ms. WONG Mei May (王美眉), Mr. CHEUNG Yuen Hing* (張源慶), Mr. WONG Sin Mau (王善謀), Mr. LI Man (李晚), Ms. CHAN Choi Lin* (陳彩蓮), Mr. LEUNG Kam Kwong* (梁錦光) and Mr. Chau, each being an Independent Third Party.
- (5) Senfield was held as to 95.00% by Kang Wang and 5.00% is held by Mr. CHOY Chi Wai* (蔡志偉), an Independent Third Party.
- (6) Win Idea was held as to approximately 84.18% by Kang Wang and as to approximately 7.14%, 7.14%, 0.77% and 0.77%, respectively, by Mr. LI Man (李晚), Mr. CHEUNG Woon Kee (張煥基), each being an Independent Third Party, Mr. LI Yuen Shuen (李遠宣) brother of Mr. Lee and the estate of Mr. Lee and as to approximately 7.14%, 7.14%, 0.77% and 0.77%, respectively, by Mr. LEE Sair Lit (李社烈), deceased father of Mr. Lee.

HISTORY, DEVELOPMENT AND REORGANIZATION

In order to streamline our shareholding structure, our Group underwent the following shareholding adjustments following the completion of the Kang Wang/Cui Xin Restructuring but prior to the Reorganization:

- (i) **Kenglory:** On March 19, 2012, Mr. TSANG Kin Hung (曾建雄) transferred his 800 shares in Kenglory to Kang Wang for an aggregate consideration of HK\$1,200,000 and Mr. WONG Sin Mau (王善謀) transferred his 200 shares in Kenglory to Kang Wang for an aggregate consideration of HK\$300,000. The consideration amounts were calculated with reference to a certain multiple of the initial investment amount after arm's length negotiations and were settled by way of cash.

Following completion of the transfers, Kenglory became a wholly-owned subsidiary of Kang Wang.

- (ii) **Win Idea:** On March 13, 2012, (i) Mr. LI Yuen Shuen (李遠宣) transferred his 10,714 shares in Win Idea to Kang Wang for an aggregate consideration of HK\$10,714; (ii) Mr. LI Man (李晚) transferred his 100,000 shares in Win Idea to Kang Wang for an aggregate consideration of HK\$400,000 and (iii) Mr. CHEUNG Woon Kee (張煥基) transferred his 100,000 shares in Win Idea to Kang Wang for an aggregate consideration of HK\$400,000. The consideration amounts were calculated with reference to a certain multiple of the initial investment amount (except for Mr. LI Yuen Shuen, brother of Mr. Lee, consideration of which was the initial investment amount rather than a multiple of the initial investment amount) after arm's length negotiations and were settled by way of cash.

Following the completion of the transfers, Win Idea was held as to 99.23% by Kang Wang and as to 0.77% by the estate of Mr. LEE Sair Lit (李社烈).

- (iii) **TW Restaurant Holding:** On March 13, 2012, (i) Mr. WONG Tai Shang* (黃大生) transferred his 500 shares in TW Restaurant Holding to Kang Wang for an aggregate consideration of HK\$1,500,000; (ii) Mr. GE Wai Keung* (葛偉強) transferred his 500 shares in TW Restaurant Holding to Kang Wang for an aggregate consideration of HK\$1,500,000; (iii) Mr. CHEUNG Yuen Hing* (張源慶) transferred his 200 shares in TW Restaurant Holding to Kang Wang for an aggregate consideration of HK\$600,000; (iv) Ms. LEUNG Lai Ching* (梁麗清) transferred her 200 shares in TW Restaurant Holding to Kang Wang for an aggregate consideration of HK\$600,000; and (v) Mr. TSANG Kin Hung (曾建雄) transferred his 400 shares in TW Restaurant Holding to Kang Wang for an aggregate consideration of HK\$1,200,000. The consideration amounts were calculated with reference to a certain multiple of the initial investment amount after arm's length negotiations and were settled by way of cash.

Following the completion of the transfers, TW Restaurant Holding became a wholly-owned subsidiary of Kang Wang.

- (iv) **Green Wave:** On March 13, 2012, (i) Mr. CHEUNG Woon Kei* (張煥基) transferred his 71 shares in Green Wave to Kang Wang for an aggregate consideration of HK\$30,000; (ii) Ms. WONG Mei May (王美眉) transferred her 100 shares in Green Wave to Kang Wang for an aggregate consideration of HK\$40,000; (iii) Mr. CHEUNG Yuen Hing* (張源慶) transferred his 500 shares in Green Wave to Kang Wang for an aggregate consideration of HK\$200,000; (iv) Mr. WONG Sin Mau (王善謀) transferred his 500 shares in Green Wave to Kang Wang for an aggregate consideration of HK\$200,000; (v) Mr. LI Man (李晚) transferred his 71 shares in Green Wave to Kang Wang for an aggregate consideration of HK\$30,000; (vi) Ms. CHAN Choi Lin* (陳彩蓮) transferred her 100 shares in Green Wave to Kang Wang for an aggregate

HISTORY, DEVELOPMENT AND REORGANIZATION

consideration of HK\$40,000; and (vii) Mr. LEUNG Kam Kwong* (梁錦光) transferred his 200 shares in Green Wave to Kang Wang for an aggregate consideration of HK\$80,000. The consideration amounts were calculated with reference to a certain multiple of the initial investment amount after arm's length negotiations and were settled by way of cash.

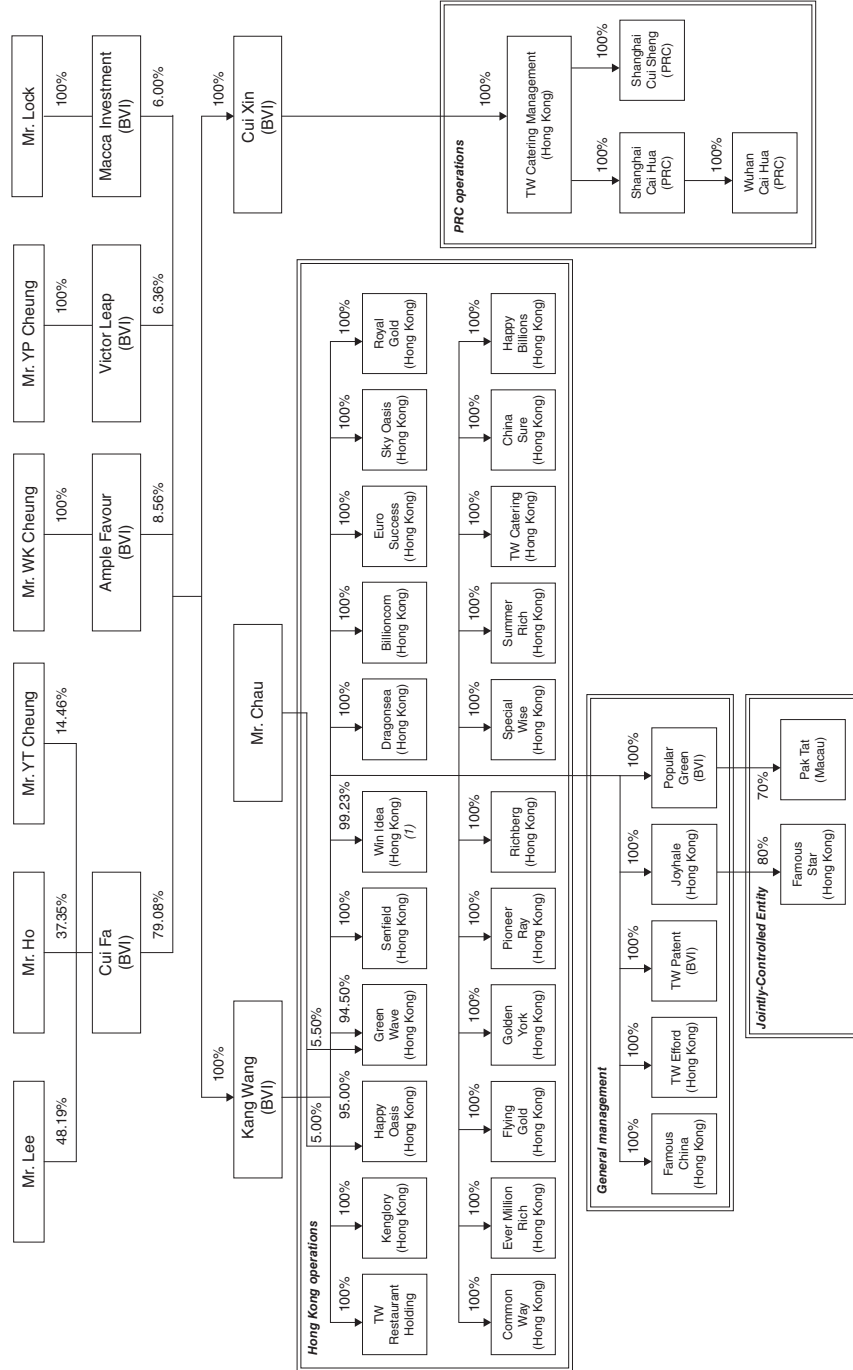
Following the completion of the transfers, Green Wave was held as to 94.50% by Kang Wang, and as to 5.50% by Mr. Chau.

- (v) **Senfield:** On May 17, 2012, Mr. CHOY Chi Wai* (蔡志偉) transferred his 500 shares in Senfield to Kang Wang for an aggregate consideration of HK\$5,000,000. Following the completion of such transfer, Senfield became a wholly-owned subsidiary of Kang Wang. Such consideration was calculated with reference to a certain multiple of the initial investment amount after arm's length negotiation and was settled by way of cash.

HISTORY, DEVELOPMENT AND REORGANIZATION

Reorganization

Set out below is the shareholding and corporate structure of our Group immediately prior to the implementation of our Reorganization (as at May 28, 2012):



(1) Win Idea was held as to approximately 99.23% by Kang Wang and as to approximately 0.77% by the estate of Mr. LEE Sair Lit (李社烈), deceased father of Mr. Lee.

HISTORY, DEVELOPMENT AND REORGANIZATION

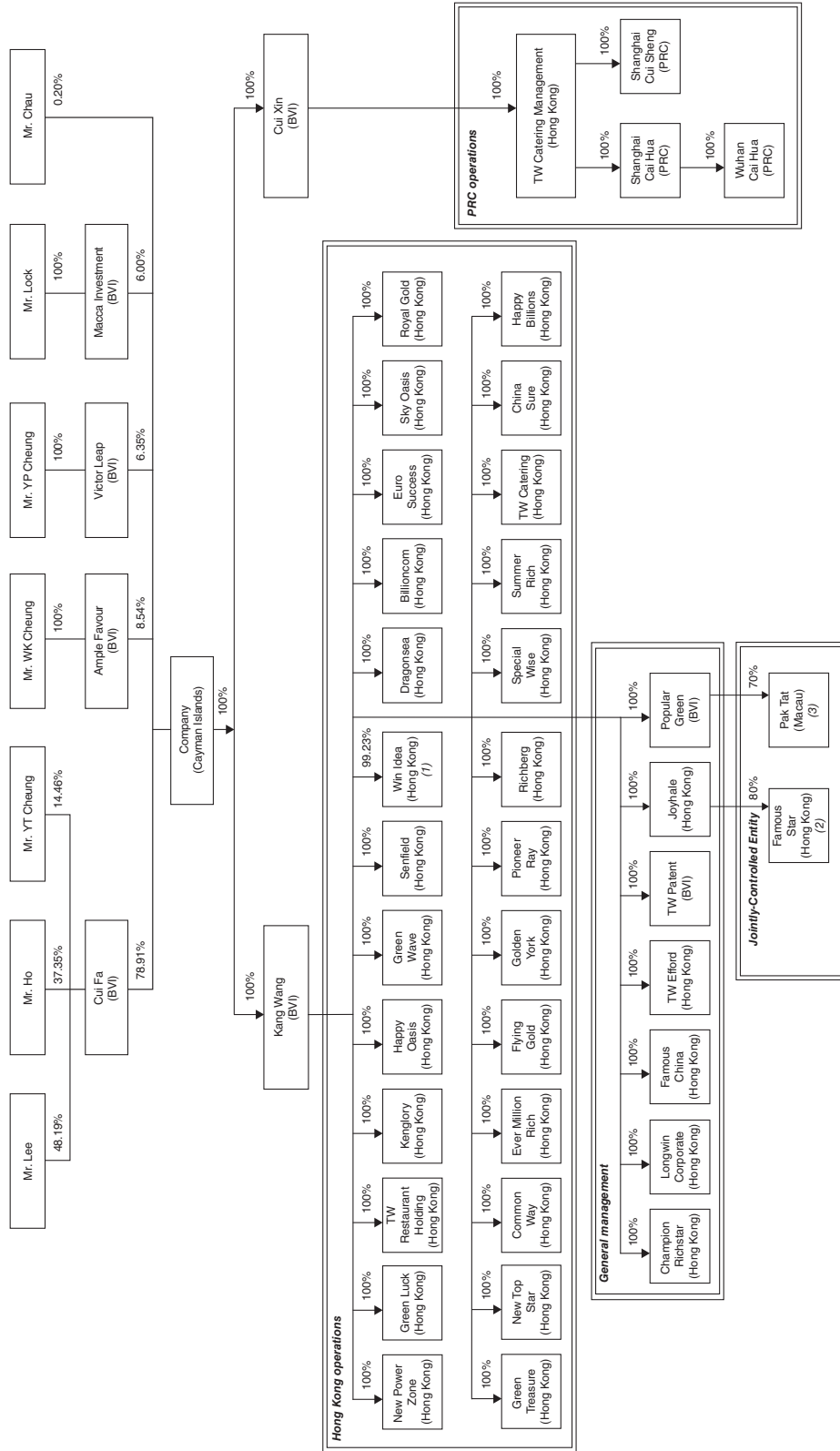
The Reorganization, the purpose of which is to consolidate all of our subsidiaries into our Company in preparation for the Listing, involved the following steps:

- (i) On May 29, 2012, our Company was incorporated with limited liability in the Cayman Islands with an authorized share capital of HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each. On the same day, one Share was allotted, issued and credited as fully paid to our Company's initial subscriber, and was subsequently transferred to Cui Fa.
- (ii) On June 21, 2012, each of Cui Fa, Ample Favour, Victor Leap, Mr. Chau and Kang Wang entered into the Restructuring Agreement to implement part of our Reorganization, pursuant to which on June 21, 2012, Kang Wang acquired 550 shares in Green Wave and 500 shares in Happy Oasis from Mr. Chau, in consideration for which Kang Wang, Cui Fa, Ample Favour, Victor Leap transferred 3,439 shares in Kang Wang, 372 shares in Kang Wang and 277 shares in Kang Wang, respectively to Mr. Chau. The transfer of the shares in Kang Wang by Cui Fa, Ample Favour and Victor Leap to Mr. Chau took the form of a shareholder's contribution towards Kang Wang without any consideration directly or indirectly from Kang Wang, including but not limited to, any adjustment to its then existing shareholding in Kang Wang.
- (iii) On June 29, 2012, Cui Fa, Ample Favour, Victor Leap, Macca Investment and Mr. Chau subscribed for 157,818,399 Shares, 17,081,600 Shares, 12,691,200 Shares, 12,000,000 Shares and 408,800 Shares, respectively, at par for cash.
- (iv) On June 30, 2012, each of Cui Fa, Ample Favour, Victor Leap, Macca Investment, Mr. Chau and our Company entered into the Sale and Purchase Agreement to implement part of our Reorganization, pursuant to which:
 - (a) on June 30, 2012, our Company acquired 787,372, 85,222, 63,318, 60,000 and 4,088 shares in Kang Wang, representing its entire issued share capital, respectively, from Cui Fa, Ample Favour, Victor Leap, Macca Investment and Mr. Chau for cash at par; and
 - (b) on June 30, 2012, our Company acquired 790,811, 85,594, 63,595 and 60,000 shares in Cui Xin, representing its entire issued share capital, respectively, from Cui Fa, Ample Favour, Victor Leap and Macca Investment for cash at par.

Following the completion of the above steps, our Company was held as to approximately 78.91%, 8.54%, 6.35%, 6.00% and 0.20%, respectively, by Cui Fa, Ample Favour, Victor Leap, Macca Investment and Mr. Chau, and our Company became the holding company of members of our Group.

HISTORY, DEVELOPMENT AND REORGANIZATION

Our Reorganization was completed on June 30, 2012. The following chart illustrates our shareholding and corporate structure immediately following the completion of the Reorganization, but prior to the Listing:



Notes:

- (1) Win Idea was held as to approximately 99.23% by Kang Wang and as to approximately 0.77% by the estate of Mr. LEE Sair Lit (李社烈), deceased father of Mr. Lee.
- (2) Famous Star is a Jointly-Controlled Entity, which is held as to 20% by our joint venture partner.
- (3) Pak Tat is a Jointly-Controlled Entity, which is held as to 30% by our joint venture partner.

HISTORY, DEVELOPMENT AND REORGANIZATION


Capitalization Issue

Pursuant to the written resolutions of our Shareholders passed on November 5, 2012, details of which are set out in Appendix IV to this prospectus, conditional upon the share premium account of our Company being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 800,000,000 Shares credited as fully paid at par to the Shareholders whose names appear on the register of members of our Company at close of business on November 2, 2012 in proportion to their then respective shareholdings by way of capitalization of the sum of HK\$8,000,000 standing to the credit of the share premium account of our Company, and such Shares to be allotted and issued pursuant to the Capitalization Issue shall rank *pari passu* in all respects with the existing issued Shares.

OVERVIEW

We are the leading *Cha Chaan Teng* (茶餐廳) chain owner and operator in Hong Kong based on revenue and number of seats in 2011, according to the Frost & Sullivan Report. As at the Latest Practicable Date, we own and operate all of our 26 restaurants⁽¹⁾ under our  翠華餐廳 “Tsui Wah (翠華)” brand, including 21 restaurants in Hong Kong, four restaurants in China and one restaurant in Macau. Our restaurants offer customers a distinct, yet authentically Hong Kong-style, cuisine that combines traditional Cantonese fare with Western and Asian elements served in an informal and inviting dining atmosphere, but with attentive service. We strive to provide safe and high quality food at good value for our customers. During our over 23 years of operating history under the control of the Core Shareholders, we believe we have successfully built up our  翠華餐廳 “Tsui Wah (翠華)” brand to represent delicious, quality, safe and fresh *Cha Chaan Teng* cuisine. We have been awarded (i) the “2011–2012 China’s Top Ten Chain Restaurant Brand (2011–2012年度中國十大馳名餐飲連鎖品牌)” by China Hotel Leader Summit Committee (中國飯店業年會組委會) and (ii) the permanent Honourable Gold Award of the “PRC Consumer’s Most Favorable Hong Kong Brands Campaign (全國消費者最喜愛《香港名牌》— 永久性榮譽金獎單位)” in 2009, by China Enterprise Reputation and Credibility Association (Overseas) Limited (中華海外企業信譽協會). Building on our success in Hong Kong, we expanded into the PRC beginning in 2009.

Cha Chaan Teng, or Hong Kong-style restaurant, is an iconic representation of Hong Kong’s dining culture, according to the Frost & Sullivan Report. The existence of *Cha Chaan Teng* is closely tied to the history and development of Hong Kong. After World War II, western dining culture influenced the general public of Hong Kong significantly. While western dishes were popular to the people in Hong Kong, they were not available at prices that the general public could afford. *Bing Sut* (冰室), the predecessors of *Cha Chaan Teng*, served Western-influenced dishes at affordable prices to the general public of Hong Kong. Over the decades, *Bing Sut* evolved into *Cha Chaan Teng* and became a local and authentic dining Hong Kong culture that combines traditional Cantonese fare with both Western and Asian elements.

We believe our  翠華餐廳 “Tsui Wah (翠華)”-brand restaurants are representative of the *Cha Chaan Teng* cuisine. In keeping with the spirit of *Cha Chaan Teng*, our menu continues to evolve as we incorporate other regional flavors and international elements into our menu, develop new menu items and refine existing dishes to meet changing consumer tastes and regional dining preferences, and shifting food and nutrition trends according to feedback from our guests. We believe our ongoing evolution is symbolic of the ever-changing Hong Kong society. Our core mission, however, remains the same — to serve delicious, safe and fresh cuisine of consistently-high quality to our customers. The core value of our brand rests on our persistence in serving quality food. To that end, we search for quality ingredients to prepare our dishes and implement standardized operations and quality-control systems to ensure the consistent quality of our dishes. We believe our commitment to the healthiness, quality and safety of our cuisine and continuing evolution of our menu, together with our offering of a dining experience in an inviting atmosphere with attentive service to our guests, has contributed to the strengthening of our brand, customer loyalty and expansion of our customer base.

We plan to expand into new markets in the PRC based on a hub-and-spoke strategy. Under this strategy, we seek to initially establish flagship restaurants in key economic locations or high-traffic areas in each new city or targeted district to generate brand recognition and establish a customer base. After building up a sufficient customer base and a number of flagship restaurants, we then establish a central kitchen, which serves as the “hub”, to allow for greater economies of scale and consistency of food quality through centralized food preparation, procurement and logistics functions. We leverage these centralized functions to support the flagship restaurants and new restaurants added in neighboring areas, i.e., the “spokes”. We

⁽¹⁾ Includes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

believe our hub-and-spoke strategy provides us with a platform for disciplined growth by enabling us to open new restaurants systematically and efficiently while maintaining consistent quality.

With the success of our  翠華餐廳 “Tsui Wah (翠華)” brand, we currently operate a quick service restaurant at the Hong Kong International Airport under the “Tsui Wah EATery” sub-brand through which we gain exposure among travelers. We launched a pilot restaurant in December 2011 in Hong Kong under a new sub-brand “Tsui Wah Concept (翠華 Concept)”, which offers selected dishes from our main menu in a smaller restaurant footprint than our Tsui Wah restaurants. With “Tsui Wah Concept (翠華 Concept)”, we target a younger demographic, and areas where we have not located our larger Tsui Wah restaurants, such as shopping malls and certain residential neighborhoods.

Our revenue⁽¹⁾ increased by 35.9% from HK\$440.0 million for the year ended March 31, 2010 to HK\$598.0 million for the year ended March 31, 2011, and by 27.5% from HK\$598.0 million for the year ended March 31, 2011 to HK\$762.8 million for the year ended March 31, 2012, and by 33.7% from HK\$167.3 million for the three months ended June 30, 2011 to HK\$223.6 million for the three months ended June 30, 2012. Our profit for the year attributable to owners of our Company increased by 20.6% from HK\$53.8 million for the year ended March 31, 2010 to HK\$64.9 million for the year ended March 31, 2011, and by 60.1% from HK\$64.9 million for the year ended March 31, 2011 to HK\$103.9 million for the year ended March 31, 2012, and by 25.2% from HK\$19.1 million for the three months ended June 30, 2011 to HK\$24.0 million for the three months ended June 30, 2012.

COMPETITIVE STRENGTHS

We believe the following key strengths of our Company distinguish us from our competitors and position us for significant growth in the future.

An Iconic and Prestigious Brand

We own and operate an iconic *Cha Chaan Teng* brand, “Tsui Wah (翠華)”. Over our 23 years of operating history under the control of the Core Shareholders, we believe we have become synonymous with *Cha Chaan Teng*. We believe we have successfully built our  翠華餐廳 “Tsui Wah (翠華)” brand to represent delicious, quality, safe and fresh *Cha Chaan Teng* cuisine, targeted at the mid- to high-end segment of the market. We believe our Tsui Wah brand and what it signifies for *Cha Chaan Teng* are key in helping us to differentiate our cuisines and services from our competitors. Our brand is built on our persistence in serving quality food and our ability to constantly introduce new and innovative menu items to deliver the *Cha Chaan Teng* experience our customers have come to expect. We attribute the strength of our brand in part to our scalable and efficient operational infrastructure spanning across a multitude of business functions and processes, such as purchasing of food ingredients, food preparation, product development, ambience and service, quality control and marketing and promotion. As a result of our efforts, we have been awarded (i) the “2011–2012 China’s Top Ten Chain Restaurant Brand (2011–2012年度中國十大馳名餐飲連鎖品牌)” by China Hotel Leader Summit Committee (中國飯店業年會組委會) and (ii) the permanent Honourable Gold Award of the “PRC Consumer’s Most Favorable Hong Kong Brands Campaign (全國消費者最喜愛《香港名牌》 — 永久性榮譽金獎單位)” in 2009, by China Enterprise Reputation and Credibility

⁽¹⁾ Excludes our share of results from two restaurants owned by our Jointly-Controlled Entities.

BUSINESS

Association (Overseas) Limited (中華海外企業信譽協會). We believe our strong brand increases our cost efficiency by strengthening our bargaining power with our suppliers, landlords and other service providers.

Leading Market Position in Hong Kong with Great Potential for Expansion

Our leading market position provides us with vast potential to expand in both our existing and new geographic markets.

According to the Frost & Sullivan Report, the sales value of Hong Kong's *Cha Chaan Teng* sector increased from approximately HK\$17.1 billion in 2007 to HK\$22.7 billion in 2011, representing a CAGR of approximately 7.3%, primarily due to factors such as increasing consumer spending power, higher frequency of dining out and increasing numbers of tourists in Hong Kong. Hong Kong's *Cha Chaan Teng* sector is highly fragmented, with approximately 89.0% of the market share held by non-chain restaurants in 2011. As the largest *Cha Chaan Teng* chain in Hong Kong based on revenue and number of seats in 2011, according to the Frost & Sullivan Report, we believe that the overall growth trend and fragmented nature of the Hong Kong market presents opportunities for us to increase market share in Hong Kong.

We believe the *Cha Chaan Teng* sector in China presents huge growth potential for us as the sector is still in the early stages of growth. According to the Frost & Sullivan Report, the sales value of China's *Cha Chaan Teng* sector increased from approximately RMB9.1 billion in 2007 to RMB24.8 billion in 2011, representing a CAGR of approximately 28.6%, primarily due to factors such as increasing consumer spending power, higher frequency of dining out and the increasing urbanization rate in China. Although not as highly fragmented as Hong Kong's *Cha Chaan Teng* sector, China's *Cha Chaan Teng* sector is still dominated by non-chain restaurants, which had approximately 71.4% of the market share in 2011. The China *Cha Chaan Teng* market presents growth opportunities for restaurant chains, according to the Frost & Sullivan Report. In the China market, we do not believe that any competitors have been able to establish a *Cha Chaan Teng* brand as iconic and as representative of *Cha Chaan Teng* cuisine as ours. We believe that our strong, recognized brand, market-leader status in Hong Kong and proven business model positions us to successfully expand into a fast-growing China *Cha Chaan Teng* sector.

High-Quality Cuisine and Innovative Product Development

We believe our success is built on the proposition to our guests of serving delicious, safe and fresh *Cha Chaan Teng* cuisine of consistent high quality. With our central kitchen, we strive to ensure consistency in quality and quantity as well as food safety served in all our restaurants across different locations. In order to ensure the quality of our cuisine, we insist on purchasing quality food ingredients from selected suppliers. For instance, our fish balls are made with various specially-selected types of fish, and we use sea salt to prepare certain of our dishes. We source certain food ingredients, such as frozen meat, from importers who in turn source from overseas countries, such as Europe and the United States, where we believe we find better quality and higher safety standards. As part of the supplier quality-control procedures, our food ingredients must meet certain specified standards. We target the mid- to high-end of the *Cha Chaan Teng* sector where we believe we are able to achieve a better pricing premium. Our high-quality cuisine is represented by our signature dishes, offering our guests an attractive value proposition that combines quality food and broad demographic appeal. We believe our signature dishes help us to differentiate ourselves from our competitors, drive customer visits and increase restaurant sales.

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We believe, as an iconic *Cha Chaan Teng* brand in Hong Kong, we are often in a position to set the trends on the newest and most innovative *Cha Chaan Teng* dishes. While our menu offerings primarily include traditional *Cha Chaan Teng* cuisine, we pride ourselves on understanding our customers' constantly evolving tastes and preferences and on our innovative product development capabilities. We are constantly seeking to incorporate other regional flavors and international elements into our menu, develop new menu items, and refine existing dishes. Our mission is to offer our customers a modern and international menu based on our heritage of more than two decades under the control of our Core Shareholders, that also meets the changing tastes of guests, shifting food and nutrition trends and feedback from our customers. Our modern information technology system enables us to collect and analyze information on customer orders, which allows us to respond rapidly to changes in customer tastes and demands. For example, we have developed healthy dishes that use organic food ingredients and we are committed to preserving the natural nutrients and taste of our food by using less cooking oil and seasonings in response to the modern health-conscious dining trend. In order to accommodate local tastes, our restaurants outside of Hong Kong feature a menu that comprises most of the items at our Tsui Wah restaurants in Hong Kong, with the rest of the dishes developed locally to meet local demands and tastes. The success of new menu items reflects the efforts of our rigorous, systematic and increasingly demand-driven product development process.

We believe that our drive and ability to constantly refine and develop new menu offerings differentiates us from other *Cha Chaan Teng* restaurants. By ensuring our menu only includes high-quality and high-value offerings that meet the tastes and demands of our mid- to high-end target market, we believe we are able to stay ahead of our competitors and maintain consistent gross margins.⁽¹⁾

Highly Efficient and Standardized Operations

We believe our highly efficient and standardized operations have enabled us to maximize our profits, achieve economies of scale and establish a scalable business model, as evidenced by our growth to-date. Our efficient and standardized operations primarily consist of the following aspects:

- *Communal seating arrangement.* While we offer our customers a full-service dining experience at our restaurants, our customers share tables with other customers under our communal seating arrangement, which minimizes the number of idle seats at our tables particularly during busy periods of the day.
- *Around-the-clock operations.* Our restaurants serve food all day. We offer breakfast (generally, 7:00 am to 11:00 am), lunch (generally, 11:00 am to 2:30 pm), tea (generally, 2:30 pm to 6:00 pm) and dinner (generally, 6:00 pm to 12:00 am). In addition, eight of our restaurants⁽²⁾ are open 24-hours per day, and offer a late dinner service (12:00 am to 7:00 am). Catering to customers' needs throughout the day allows us to maximize revenues from our restaurants. Across our restaurants⁽³⁾, our

⁽¹⁾ The calculation of gross margin is calculated by dividing gross profit by revenue. Gross profit equals revenue minus cost of inventories sold.

⁽²⁾ Includes one restaurant in Macau owned by one of our Jointly-Controlled Entities.

⁽³⁾ Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

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average daily revenue per comparable restaurant is HK\$124,000⁽¹⁾ in the year ended March 31, 2012, and our average number of invoices per table per day per comparable restaurant is approximately 25 in the year ended March 31, 2012.

- *Take-away food and delivery services.* We leverage our cooking facilities and restaurant locations by providing take-away food and delivery services. Take-away food and delivery services have allowed us to increase revenue at existing restaurant operations with minimal additional costs.
- *Central kitchen.* The use of a central kitchen helps us to ensure the consistent quality of food and timeliness of delivery across different locations, to better manage our inventory and facilitate greater efficiency through greater economies of scale, such as task specialization among chefs at our central kitchen, decreased reliance on restaurant-level kitchen staff and increased economic use of food ingredients and other supplies. In addition, our use of a central kitchen increases the dining area in our restaurants which boosts our revenue. We believe we have successfully applied the concept of central kitchens, which are generally associated with fast food restaurants, to operating full-service *Cha Chaan Teng* restaurants.
- *Centralized Purchasing.* All of the purchases of food ingredients, raw materials and other inventories required by our central kitchen and restaurants are made through our centralized purchasing department. We believe our centralized purchasing strengthens our bargaining power with suppliers through bulk purchasing and reduces our costs of inventories.
- *Food preparation process.* We have standardized recipes and preparation processes for our menu items. Our high degree of standardization at every step of the food preparation process enhances food safety and ensures the consistency of our food quality across different locations.
- *Restaurant operating functions.* We have a set of standard operating procedures for our major restaurant operating functions, including staff at various food booths, wait staff, cashiers, floor managers, chefs, restaurant managers and cleaning staff, which have been compiled and updated based on our heritage of more than two decades under the control of our Core Shareholders in the industry. We ensure that these operating procedures are fully implemented by providing formal and systematic training programs to our restaurant personnel.
- *Information technology.* We have implemented a modern information technology system to standardize and centralize restaurant management. Our table staff use personal data assistants to take orders, which reduces errors and saves time, as orders are sent directly by the information technology system to the kitchen for processing and the table staff are not required to re-enter the orders into another system after taking the initial order. The computerized point-of-sale system at our restaurants captures consumer spending data, which are closely monitored and analyzed by our management.

⁽¹⁾ Daily average revenue per comparable restaurant in the year ended March 31, 2012 equals comparable restaurants sales in that year divided by number of comparable restaurants in that year, and then divided by 365 days. We define our comparable restaurant base to be those restaurants that were opened throughout the periods under comparison. For example, the comparable restaurants for the years ended March 31, 2011 and 2012 are restaurants that were open throughout both the year ended March 31, 2011 and the year ended March 31, 2012.

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We have allocated significant resources in recent years to develop, implement and refine this business model. As a result of these efforts, we believe that our current management system provides us with a strong platform for future growth by enabling us to systematically and efficiently replicate our business model and open new restaurants in new markets while maintaining consistent quality.

Leadership under an Experienced Restaurateur Complemented by an Energetic Professional Management Team

Mr. Lee, together with Mr. Ho, Mr. YT Cheung, Mr. YP Cheung and Mr. WK Cheung, took over the first Tsui Wah restaurant in 1989. Mr. Lee possesses over 40 years of extensive working experience in restaurant operations at all levels, in particular in *Cha Chaan Teng* operations. Mr. Lee has been persistent in his pursuit of serving delicious and fresh *Cha Chaan Teng* cuisine. Since 1989, we believe we have successfully developed a brand known for evolving with time, and managed through several economic cycles and some of the most difficult times of Hong Kong to become a chain of 26 Tsui Wah restaurants⁽¹⁾ as at the Latest Practicable Date.

We have built a senior management team that is energetic, professional and highly experienced in their respective fields. Our senior management team is headed by our chief executive officer, Mr. Lock Kwok On Anthony, who brings to us ten years of experience in corporate, strategic and business management. Mr. Lock currently holds the position of President at Hong Kong Federation of Restaurants and Related Trades (香港餐飲聯業協會). Ms. Li Tsau Ha, our group general manager responsible for the Group's daily operations, has ten years of experience in business operations and management. Our chief financial officer responsible for the Group's finance, Mr. Yang Dong John, has accumulated over ten years of experience in auditing, consolidated accounting and financial management. Our management team has been instrumental in the development and implementation of a series of initiatives to develop our standardized operation model under modern corporate management principles. In respect of our PRC operations, our management team includes members recruited from the PRC. As such, we benefit from the vision and experience of members of our PRC management team with their extensive experience in the PRC food and beverage industry.

We believe that the vision, industry knowledge and experience, management capability and cohesiveness of our senior management team will continue to help us to deliver sustainable growth in the future.

BUSINESS STRATEGY

Our objective is to become a leading *Cha Chaan Teng* chain owner and operator in Greater China. To this end, we intend to implement the following strategies:

Continue Expansion in the PRC Building on our Hub-and-spoke Strategy

As the leading *Cha Chaan Teng* chain owner and operator in Hong Kong based on our revenue and number of seats in 2011, according to the Frost & Sullivan Report, we intend to continue expanding in certain affluent regions in the PRC using our hub-and-spoke strategy. Our strategy in each new geographic area in the PRC is to initially establish one or more large flagship restaurants in densely-populated and high-traffic locations to increase brand recognition. We then develop a central kitchen to act as the "hub" for all restaurants (i.e., the "spokes") within the area to centralize and consolidate procurement, food preparation and logistics functions once a sufficient customer base is established. Our current plan is to continue to develop and implement this business model in the Yangtze River Delta, Southern China and

⁽¹⁾ Includes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

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Central China regions. We plan to open approximately five new Tsui Wah restaurants in China in the year ending March 31, 2013 (including two restaurants already opened during the fiscal year as at the Latest Practicable Date), and approximately eight and 11 new Tsui Wah restaurants in China in each of the two years ending March 31, 2014 and 2015, respectively.

- *Yangtze River Delta (primarily in Shanghai)*. As at the Latest Practicable Date, we operate three flagship restaurants, each comprising over 7,000 square feet, in Shanghai. We expect to begin construction of our first central kitchen in Shanghai that will become operational in the year ending March 31, 2014. We anticipate this central kitchen in Shanghai will, at its full capacity, be able to support approximately 40 restaurants within a radius of approximately 200 kilometers or within a transport range of two hours. With this new central kitchen as our strategic hub in Shanghai, we expect to open an additional three restaurants in the year ending March 31, 2013 in the Yangtze River Delta region, and approximately five restaurants in each of the two years ending March 31, 2014 and 2015 in Yangtze River Delta, respectively.
- *Southern China (primarily in Shenzhen and Guangzhou)*. We expect to open two and five restaurants in Southern China in each of the two years ending March 31, 2014 and 2015, respectively, primarily in the Shenzhen and Guangzhou areas. We expect to begin construction of our first central kitchen in Southern China that will become operational in the year ending March 31, 2015. It is expected that this central kitchen will be located in or near Shenzhen or Guangzhou. We anticipate this central kitchen in Southern China will, at its full capacity, be able to support approximately 20 restaurants within a radius of approximately 200 kilometers or within a transport range of two hours.
- *Central China (Wuhan)*. We opened one flagship restaurant in Wuhan in May 2012. We currently expect to open one additional new restaurant in Central China in each of the two years ending March 31, 2014 and 2015, respectively.

The total planned capital expenditures for our network expansion in China is expected to be HK\$45.0 million, HK\$127.0 million and HK\$159.0 million for each of the three years ending March 31, 2013, 2014 and 2015 respectively. For the three months ended June 30, 2012, our total capital expenditures for our network expansion in China amounted to HK\$3.2 million. From July 1, 2012 to the Latest Practicable Date, the capital expenditures we incurred for our network expansion in China amounted to HK\$14.3 million.

Increase Market Share and Broaden Customer Base in Hong Kong by Diversifying Sales Channels

We intend to increase our market share and broaden our customer base in Hong Kong. We believe that we will be able to extend our customer reach and increase our sales with relatively small incremental investments due to the scalability of our restaurants through the expansion of our Tsui Wah-brand restaurants, and expanding delivery and catering services.

Tsui Wah Restaurants

We expect to open approximately five (including two already opened during the fiscal year as at the Latest Practicable Date), four and four new Tsui Wah restaurants in the three years ending March 31, 2013, 2014 and 2015, respectively, in Hong Kong.

We are planning to open a second central kitchen in Hong Kong that we intend to be able to support up to an additional 50 Tsui Wah restaurants, within a radius of approximately 200 kilometres or within a transport range of two hours. The second central kitchen is expected to be

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between 30,000 to 40,000 square feet, will include warehouse space to store food ingredients and finished products, and is expected to become operational in the year ending March 31, 2014.

Delivery

We have identified the market for delivery of *Cha Chaan Teng* cuisine in Hong Kong to be underserved. Currently, we utilize our existing restaurants to serve our delivery customers. Our revenue from delivery and takeaway services increased at a CAGR of 22.8% from the beginning of the Track Record Period to March 31, 2012. We believe that we can broaden our customer base and increase sales by strengthening our delivery services from existing restaurants and establishing a network of delivery centers to reach customers in areas where our existing restaurants are not located. We plan to strengthen delivery services from existing restaurants by hiring dedicated staff and drivers focused on delivery services and procuring a sufficient fleet of delivery vehicles.

Delivery centers are expected to be standalone operations that offer selected items from our main menu geared toward delivery. As with our restaurant operations, a substantial majority of the food served from our delivery centers is expected to be prepared by our central kitchen. We expect each delivery center to be no greater than 1,000 square feet. With the smaller footprint the capital expenditure expected to be required for a delivery center should be much lower than for new restaurants, which we believe will enable us to replicate this business model and expand our geographic penetration relatively quickly. We plan to open one, three and three new delivery centers in Hong Kong in each of the three years ending March 31, 2013, 2014 and 2015, respectively, depending on the suitability of locations.

Catering Services

We believe that we can leverage off the depth of our experience and our recognized ability to provide consistent and quality food to expand into the catering services industry. We commenced this catering service under a new brand, "Supreme Catering", in October 2012. While we offer signature dishes from our Tsui Wah restaurants in our catering menu, substantially all of the menu items we offer in our catering menu are different from our Tsui Wah restaurants. In addition, our catering service allows customers to personalize their menus and customizes tailor-made dishes upon request. Food is prepared at a new food factory of approximately 1,300 square feet, separate from our central kitchen and Tsui Wah restaurants. Currently, we operate a catering services center under the name "Supreme Concept Kitchen" in Hong Kong, where we provide menu items tasting services for our potential catering services customers. Customers may also rent our catering services center for event organizing. We have retained a specific team of personnel, including a marketing director in respect of our "Supreme Catering" brand, to be responsible for our catering services, which includes certain additional services such as pre-planning assistance, decoration of site or premises of the particular event, waiting staff provisioning and coordination with third party vendors and entertainers.

The total planned capital expenditures for our network expansion in Hong Kong is expected to be HK\$48.5 million, HK\$97.0 million and HK\$47.0 million for each of the three years ending March 31, 2013, 2014 and 2015, respectively. For the three months ended June 30, 2012, our total capital expenditures for our network expansion in Hong Kong amounted to HK\$8.0 million. From July 1, 2012 to the Latest Practicable Date, the capital expenditures we incurred for our network expansion in Hong Kong amounted to HK\$12.3 million.

Continue to Promote Brand Image and Recognition

We will continue promoting our brand to differentiate ourselves from our competitors in part through our marketing and promotional initiatives. In particular, we seek to promote awareness of our brands through a variety of initiatives when we expand into new markets or open new restaurants in existing markets where we have little market presence, including:

- continuing to promote our signature dishes that are distinctive and representative of the *Cha Chaan Teng* culinary style;
- opening restaurants at tourist attractions, landmark locations and high-traffic shopping districts in Hong Kong, such as our quick-service restaurant at the Hong Kong International Airport and our flagship Tsui Wah restaurants at Victoria Peak and in the Lan Kwai Fong, Causeway Bay and Tsim Sha Tsui areas of Hong Kong, to increase our visibility, particularly among tourists from the PRC whom we hope will act as unofficial brand ambassadors for our new Tsui Wah restaurants in China;
- opening flagship restaurants in high-traffic areas in new geographic areas to promote brand awareness, such as our three flagship restaurants in Shanghai and one flagship restaurant in Wuhan;
- targeting various chic and stylish lifestyle and leisure-related conventional media channels to promote our brand, cuisine, ambience and service;
- leveraging new media, including social networking websites and microblogs on the Internet, to enhance interactions with, and raise brand awareness among, our customers;
- strengthening our integrated marketing initiatives in new markets, particularly in China, with a focus on public relation initiatives and interactions with conventional media channels, such as television and magazines, including interviews with our senior management to introduce our brand and cuisine, and contributing information on our cuisine to certain television programmes;
- participating in various road shows in China promoting well-known Hong Kong brands, co-organized by the Hong Kong Tourism Board and the Quality Tourism Services Association;
- given that food safety is an important issue in China, educating our customers in China on the high-quality food ingredients used to prepare our dishes and our stringent quality control used in our food preparation processes; and
- introducing innovative souvenirs and pop-culture merchandise and items to maximize brand awareness for customers and tourists.

Continue to enhance Comparable Restaurant Sales Growth and Profitability

We are committed to continuing to enhance our comparable restaurants sales growth and profitability. Accordingly, we intend to implement a number of initiatives, many of which represent natural extensions and a continuing refinement of our strategy to date. These key initiatives include:

- increasing sales volume by introducing new and innovative dishes;

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- increasing average daily revenue per restaurant of our restaurants in the PRC by educating our customers of our around-the-clock services and the different food types available for different time periods;
- increasing guest traffic by upgrading the decor of existing restaurants to revitalize the ambience of the restaurants and create a welcoming atmosphere;
- improving purchasing and logistics cost control through centralized purchases and use of strategic stock piles of inventories by utilizing third-party central warehouse;
- increasing cost savings and operational efficiency by further consolidating food preparation processes into our central kitchen(s);
- optimizing restaurant-level staffing to maintain our service quality and reduce our labor costs;
- maximizing utilization of food ingredients by promoting cross-utilization of food ingredients among different menu items and streamlining operating procedures at our central kitchens and restaurant kitchens;
- increasing profitability by introducing new and innovative dishes that utilize less-sought-for food ingredients that are available in high quality and at low costs;
- actively reducing wastage of food ingredients; and
- driving economies of scale through network expansion under our hub-and-spoke strategy.

Continue to Strengthen Operational Infrastructure to Deliver Sustainable Growth

We have built a scalable operational infrastructure that has successfully supported the expansion of our restaurant network. We believe that our operational infrastructure allows us to increase profitability and derive cost efficiency. We will continue to enhance our operational infrastructure in the following key aspects with a view to delivering a platform for the sustainable growth of our business:

- *Standardized and centralized operations.* We will continue to standardize and refine our operating procedures for all major functions. We expect to continue providing systematic training for and conducting performance assessments of our employees to ensure and improve the implementation of our standardized operating procedures. We plan to open new central kitchens in Hong Kong and Shanghai. We will strengthen our use of a central warehouse with a centralized logistics function provided by a third party service provider to further streamline our storage and logistics functions.
- *Human resources.* We will continue to seek to attract qualified employees to join our ranks, particularly restaurant staff and talent in operations management.
- *Regional Offices.* We plan to establish various regional offices in areas where we have an established presence in order to further strengthen our relationship with local authorities and our understanding of local markets. Heads of regional offices will report to our head office in Hong Kong. We believe this structure will provide for a systematic platform to sustain our future growth.

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- *Supply chain.* We will continue to seek the highest quality food ingredients that are commercially available. To achieve this objective, we will continue to strengthen our relationships with selected suppliers. In addition, we plan to purchase certain food ingredients from original suppliers, instead of through distributors or importers, which we believe will provide better assurance on the quality of the food ingredients as the source of food can be traced, as well as decrease our costs of food ingredients.
- *Information technology.* We intend to continue investing in information technology to facilitate all aspects of our business operations and provide timely and relevant information to facilitate effective managerial decision making. We plan to implement enterprise resource planning systems to provide for a standardized and centralized platform to manage the supply chain, restaurant operations, human resources, finance and cost control of our entire operation.


Continue to strengthen the quality of our customer services

We are a full-service *Cha Chaan Teng* chain that emphasizes high quality and efficient customer services. We rely on our restaurant chefs, table staff and management for our daily operations. To ensure the quality of our customer services, we have developed a set of formal and systematic training programs for our employees, including waiting staff, cashiers, floor managers, chefs and restaurant managers. We offer our employees certain courses relating to the restaurant industry, which have been accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications. The recognition of such qualifications provides an incentive for our employees to further strengthen their skill set by taking the courses that we offer. We engaged an outside human resources consulting company to develop and conduct comprehensive training programs for our employees. We intend to continue these measures in the future to ensure that all our employees are well trained. In addition, we intend to collaborate with schools in the PRC to provide chef training programs and to develop management trainee programs for students with interests in the hospitality industry in order to ensure a stable supply of future generations of chefs and management personnel.


In an effort to maintain employee loyalty and retention, we have an employee incentive scheme pursuant to which (i) restaurant personnel will receive bonuses if the restaurant at which he or she works achieves certain performance targets, and (ii) office personnel will receive bonuses depending on the number of restaurants that achieve performance targets. This employee incentive scheme has been successful in motivating our employees and we believe it is unique in the *Cha Chaan Teng* industry. In respect of our Hong Kong operations, we provide certain additional subsidies to our employees with children meeting certain needs-based criteria. In addition, in respect of our PRC operations, we provide residential units for certain of our employees that come to work for us from other provinces or regions. To broaden their vision and knowledge, we provide exchange opportunities for our PRC employees to work in Hong Kong or Macau.

We intend to continue to strengthen these measures in order to promote employee loyalty, motivate our employees and strengthen our customer services.

BUSINESS PHILOSOPHY AND CORE VALUES

Our founder, Mr. Lee, has over 40 years of extensive working experience in restaurant operations at all levels, in particular in *Cha Chaan Teng*. Mr. Lee started working at *Bing Sut*, the predecessors of *Cha Chaan Teng*. As *Bing Sut* evolved into *Cha Chaan Teng*, Mr. Lee has been devoted to building our  翠華餐廳 “*Tsui Wah* (翠華)” brand into an iconic and prestigious brand in Greater China serving *Cha Chaan Teng* cuisine. Our founding philosophy is to provide delicious, safe and fresh *Cha Chaan Teng* cuisine of consistent quality to our customers. With

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over 23 years of operating history under the control of the Core Shareholders, we believe we have developed our  “Tsui Wah (翠華)” brand to represent delicious, quality, safe and fresh *Cha Chaan Teng* cuisine. Our core values center on our persistence in serving our customers with consistently quality food. To that end, we search for quality food ingredients to prepare our dishes and implement highly standardized operations and quality control systems to ensure consistent quality and food safety served across different locations. We believe our focus on quality and customer satisfaction creates a sense of pride among our employees and management.

OUR FOOD

Cuisine and menu

We believe our Tsui Wah restaurants are representative of the *Cha Chaan Teng* culinary style and dining experience that combines traditional Hong Kong fare with both Western and Asian elements. The combination makes for a distinct, yet authentically Hong Kong, culinary style and dining experience. Our menu continues to evolve as we incorporate other regional flavors and international elements into our menu, develop new dishes and refine existing dishes to meet changing consumer tastes and geographical taste preferences, and shifting food and nutrition trends according to feedback from our customers. Our menu has evolved to become more modern and international when compared to that of other traditional *Cha Chaan Teng* (茶餐廳) restaurants.

As at the Latest Practicable Date, we offered approximately 170 dishes and drinks in our main menu, which can be classified into the following categories: (i) top ten signature dishes, (ii) vegetarian food, (iii) soups and appetizers, (iv) signature Malaysian-style curries, (v) steak, (vi) traditional Asian fried noodles and rice, (vii) noodle-related products from our noodle booth, (viii) sandwiches, and (ix) drinks from our beverage booth. Some of our Tsui Wah restaurants also have a separate counter offering freshly-baked bread. Our menu is highlighted by the following ten signature dishes that we believe are distinctive and representative of the *Cha Chaan Teng* culinary style:

- Hainanese Chicken Rice
- Swiss Sauce Chicken Wings
- Chiuzhou-style fish balls noodles
- Crispy Bun served with Sweet Condensed Milk
- Hong Kong-style Milk Tea
- Jumbo Hot Dog
- Kagoshima Pork Cartilage with Tossed Instant Noodles
- Malaysian-style Brisket of Beef Curry
- Shredded Pork and Mushroom with Fried Noodles
- Sizzling King Prawns with Fried Noodles

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The following images show five of our signature dishes, namely (from left to right) Hainanese Chicken Rice, Chiuzhou-style fish balls noodles, Hong Kong-style Milk Tea, Crispy Bun served with Sweet Condensed Milk and Malaysian-style Brisket of Beef Curry, respectively.



The menu items at our restaurants are priced to cater the mid- to high-end segment of the *Cha Chaan Teng* market. For the average number of invoices per table per day at our Tsui Wah restaurants, see “Financial Information — Factors Affecting Results of Operations and Financial Condition — Average Number of Invoices Per Table Per Day and Average Spending Per Invoice” in this prospectus.

We track and evaluate feedback from sales staff and customers on our dishes. We review our main menu regularly. Based on our reviews, we continuously refine our dishes and regularly update our menus.

In addition to our main menu, we offer our customers a seasonal menu selected from our database of recipes. For example, we have offered egg white almond tea in the winter and specialty icy drinks in the summer. Dishes on the seasonal menu are selected based on the seasonal availability of key food ingredients as well as the natural properties of the dish which make them more suitable for consumption in a particular season. In addition, some of the newly developed dishes are tested as seasonal menu items before they are being considered for our main menu. We also offer a selection of dishes based on a theme, such as the fresh tomato series, in response to feedback from sales staff and customers and based on the availability of key food ingredients.

To increase our customer base, we allow a slight variation of dish selections in some restaurants within Hong Kong according to locality and the taste of target customers around the region. In order to accommodate local taste, our restaurants outside of Hong Kong feature menus that comprise items offered at our Tsui Wah restaurants in Hong Kong as well as dishes that meet local demand and taste. For example, our restaurants outside of Hong Kong serve rice congee and Cantonese-style barbecue meat, which are not available in our Tsui Wah restaurants in Hong Kong. We include these dishes due to popular local demand in the PRC and Macau.

Ingredients and food preparation

Our business philosophy is to serve delicious, safe and fresh food of consistent quality to our customers. This tenet is reflected in the ingredients we use and in the food preparation processes that we employ. We purchase a diverse range of quality food ingredients from more

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than 100 suppliers, primarily including (i) frozen seafood, such as sole fillet, (ii) frozen poultry and meat, (iii) fresh produce, such as vegetables and (iv) dried food. For more details, see “Business — Purchasing — Supplier Management” in this prospectus.

We have implemented a set of standard operating procedures, including a comprehensive set of quality control procedures at each stage of the raw materials supply and food preparation process. We place strict requirements on food safety as well as on the appearance, smell and taste of our food ingredients. Since 2009, we have engaged an independent inspection and testing company to conduct random spot checks of the physicochemical, microbial and other indices of our food ingredients samples, so as to help ensure that our food quality conforms with standards as adopted by the government from time to time. The food ingredient samples are tested at the laboratories of the inspection and testing company in Hong Kong. We currently intend to continue this arrangement to ensure effective quality control over our food ingredients.

Our central kitchen centralizes the production and delivery of semi-processed food and processed food to our restaurants, and prepares the proprietary seasonings and spices used in our dishes. The use of a central kitchen further ensures consistency in food quality across different branches and allows us to benefit from economies of scale. For more details, see “Business — Restaurant Operations and Management — Central Kitchen” of this prospectus.

OUR SERVICE AND DINING ATMOSPHERE

Service

We are committed to delivering superior service to every customer during every visit. We believe that the quality of our restaurant staff helps to differentiate us from our competitors. We recruit employees who conform to a standard of efficiency and friendly service. We provide comprehensive training to all service personnel regarding our standardized service procedures and our menu offerings. We staff each restaurant with an experienced restaurant manager to ensure consistent and attentive customer service. We ensure that our front-line restaurant staff understand the importance of attentive customer interaction. Our restaurant staff also wear standardized uniforms to help create a consistent tone and image.

Speed of service is an important element of our service level. In terms of preparation, the use of a central kitchen enables us to shorten significantly the amount of time needed to prepare most dishes. In relation to our table service, we maintain appropriate waiting staff-to-table ratios and adopt a set of strict table service standards designed to meet the expectations of customers and to enhance the speed of service. We have also implemented a set of modern management information systems to standardize restaurant management. Our table staff uses electronic personal data assistants to take orders, which reduces errors and enhances the speed of service.

Dining Atmosphere

In each of our restaurants, we offer each customer a well-lit, clean and streamlined look and friendly restaurant environment.

Tsui Wah restaurants in Hong Kong

On average, our Tsui Wah restaurants in Hong Kong cover approximately 3,000 square feet per restaurant. Our Tsui Wah restaurants are each designed with a unique theme and generally have between approximately 30 to 67 tables, seating approximately two to four customers each.

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The following is a picture of the interior of our Tsui Wah restaurant at the Victoria Peak in Hong Kong.



The following is a picture of the exterior of our Tsui Wah restaurant at the Victoria Peak in Hong Kong.



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Tsui Wah restaurants in the PRC

We currently operate four Tsui Wah restaurants in the PRC. Our Tsui Wah restaurants in the PRC typically occupy more space than our restaurants in Hong Kong, generally covering over 7,000 square feet to over 10,000 square feet per restaurant and having between approximately 65 to 84 tables seating approximately two to four customers each. Each Tsui Wah restaurant in the PRC is uniquely designed by architects and designers, usually in accordance with the design of the building in which the restaurant is situated or the atmosphere of the surrounding area.

The following is a picture of the interior of one of our Tsui Wah restaurants in Shanghai.



The following is a picture of the exterior of one of our Tsui Wah restaurants in Shanghai.



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Tsui Wah restaurant in Macau

We currently operate one Tsui Wah restaurant in Macau located in the casino area within the premises of the Galaxy Macau Resort & Hotel under a joint venture arrangement with our joint venture partner.

The following is a picture of the interior of our Tsui Wah restaurant in Macau.



The following is a picture of the exterior of our Tsui Wah restaurant in Macau.



SUB-BRANDS*“Tsui Wah Concept (翠華 Concept)”*

We launched a pilot restaurant in December 2011 in Hong Kong under a new sub-brand *“Tsui Wah Concept (翠華 Concept)”*. As at the Latest Practicable Date, we had one *“Tsui Wah Concept (翠華 Concept)”* restaurant in operation. Like our Tsui Wah restaurants, our *“Tsui Wah Concept (翠華 Concept)”* restaurant is a full-service establishment. The decoration of our *“Tsui Wah Concept (翠華 Concept)”* restaurant is more modern when compared to our Tsui Wah restaurants, as the *“Tsui Wah Concept (翠華 Concept)”* sub-brand is targeted towards a younger demographic. Our *“Tsui Wah Concept (翠華 Concept)”* restaurant requires less restaurant space than our Tsui Wah restaurants and is of a size of approximately 1,000 square feet. We offer selected dishes from our main menu, comprising mainly of our signature dishes and popular menu items. We principally offer set meals at our *“Tsui Wah Concept (翠華 Concept)”* restaurant. Our set meals include a main dish, such as fish balls, noodles or curry chicken with rice, and a beverage. Some set meals include a side dish. Since the choices of items in the menu are more limited, *“Tsui Wah Concept (翠華 Concept)”* restaurant requires less kitchen space, allowing us to target areas where we have not located our larger Tsui Wah restaurants, including, for example, shopping malls and certain residential neighborhoods.

“Tsui Wah EATery”

We opened our quick service restaurant at the Hong Kong international airport in September 2010, through which we gain exposure among travelers. Our *“Tsui Wah EATery”*, unlike our other establishments, does not provide table-service.

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RESTAURANT NETWORK

We own and operate all of our restaurants⁽¹⁾ and we lease all of the real properties on which our restaurants operate. For details of our rental arrangements, see “Financial Information — Factors Affecting Results of Operations and Financial Condition — Property Rentals and Related Expenses” in this prospectus.

We owned and operated 14, 18, 22, 25 and 26 restaurants⁽¹⁾ as of March 31, 2010, 2011 and 2012, June 30, 2012 and the Latest Practicable Date, respectively. As at the Latest Practicable Date, one of these restaurants was operated under our “*Tsui Wah Concept* (翠華 Concept)” sub-brand and one of these restaurants was operated under our “*Tsui Wah EATery*” sub-brand. All other restaurants were operated under our core Tsui Wah brand.

As at the Latest Practicable Date, we operated 21 restaurants in Hong Kong⁽²⁾, four restaurants in the PRC, and one restaurant in Macau⁽³⁾. The following table sets forth the respective locations, brands and types of premises of our Tsui Wah restaurants that operated at any time during the Track Record Period or are currently in operation as at the Latest Practicable Date.

Location	Brand	Premises
Hong Kong (22 restaurants⁽⁴⁾)		
Hong Kong Island, The Peak	Tsui Wah	shopping mall
Hong Kong Island, Central	Tsui Wah	store on street-level
Hong Kong Island, Central	Tsui Wah	store on street-level
Hong Kong Island, Causeway Bay	Tsui Wah	store on street-level
Hong Kong Island, Causeway Bay	Tsui Wah	store on street-level
Hong Kong Island, Aberdeen	Tsui Wah	store on street-level
Hong Kong Island, Wanchai	Tsui Wah	store on street-level
Kowloon, Tsim Sha Tsui	Tsui Wah	store on street-level
Kowloon, Jordan	Tsui Wah	store on street-level
Kowloon, Yau Ma Tei	Tsui Wah	store on street-level
Kowloon, Mong Kok	Tsui Wah	store on street-level
Kowloon, San Po Kong	Tsui Wah	store on street-level*
Kowloon, To Kwa Wan	Tsui Wah	store on street-level
Kowloon, Ngau Tau Kok	Tsui Wah	store on street-level
Kowloon, Mong Kok	<i>Tsui Wah Concept</i> (翠華 Concept)	store on street-level
New Territories, Tsuen Wan	Tsui Wah	store on street-level
New Territories, Tsuen Wan	Tsui Wah	store on street-level
New Territories, Tseung Kwan O	Tsui Wah	shopping mall
New Territories, Tuen Mun	Tsui Wah	store on street-level
New Territories, Tsuen Wan	Tsui Wah	store on street-level**
New Territories, Chap Lap Kok	Tsui Wah	Hong Kong International Airport
New Territories, Chap Lap Kok	<i>Tsui Wah EATery</i>	Hong Kong International Airport
PRC (4 restaurants)		
Shanghai	Tsui Wah	store on street-level
Shanghai	Tsui Wah	store on street-level
Shanghai	Tsui Wah	store on street-level
Wuhan	Tsui Wah	store on street-level
Macau (1 restaurant)		
Macau	Tsui Wah	hotel

* We took over this restaurant in 1989.

** Closed in January 2011. This restaurant was consolidated with another restaurant on the same street after we secured a larger premise for the restaurant.

(1) Includes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

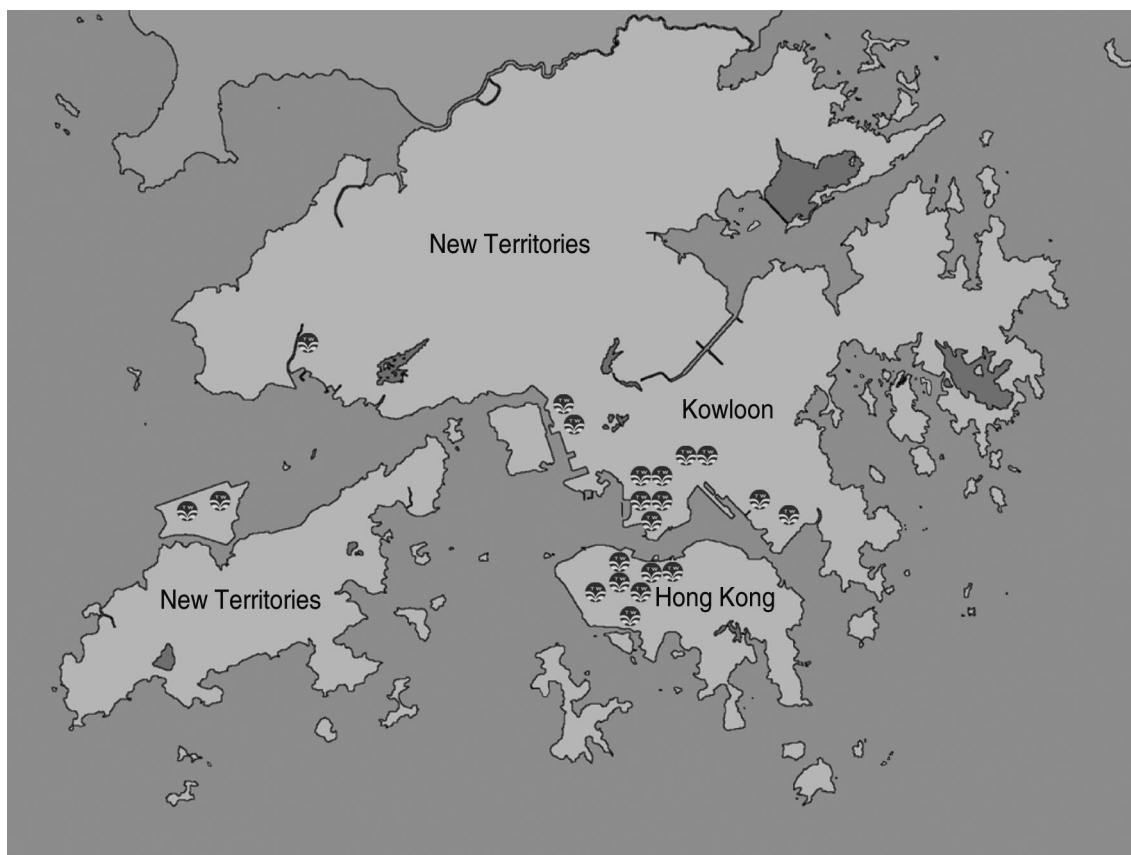
(2) Includes one restaurant in Hong Kong owned by one of our Jointly-Controlled Entities.

(3) Includes one restaurant in Macau owned by one of our Jointly-Controlled Entities.

(4) Includes one restaurant closed in January 2011 in Hong Kong. This restaurant was consolidated with another restaurant on the same street after we secured a larger premise for the restaurant.

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The following map of Hong Kong shows our restaurants by their locations in Hong Kong as at the Latest Practicable Date. See the above table for the brands and type of premises of the respective Tsui Wah restaurants.



Restaurants owned by the Jointly-Controlled Entities

Our Tsui Wah restaurant in the casino area within the premises of the Galaxy Macau Resort & Hotel and our Tsui Wah restaurant in a shopping mall in Tseung Kwan O, New Territories, Hong Kong are owned by our respective Jointly-Controlled Entities.

Our Tsui Wah restaurant in Macau covers approximately 7,200 square feet. As provided under a joint venture agreement with our joint venture partner, the design and layout, menu and operating budgets of the restaurant are jointly determined by our Company and our joint venture partner. We provide the restaurant with the key personnel, necessary know-how, formulae and processes so as to ensure that the quality of food and drinks, service and operations are substantially the same as other Tsui Wah restaurants in Hong Kong. We are responsible for the day-to-day operation and management of this restaurant.

Our Tsui Wah restaurant in the shopping mall of Tseung Kwan O, New Territories, Hong Kong covers approximately 4,000 square feet. As provided under a joint venture agreement with our joint venture partner, the design and decoration of the restaurant was approved by our joint venture partner. Marketing-related activities are determined by both our joint venture partner and our Company. We are responsible for the day-to-day operation and management of this restaurant.

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Since we are responsible for the day-to-day management of our restaurants owned by our Jointly-Controlled Entities, we believe we are able to maintain a consistent standard throughout our restaurants located in various locations.

Sub-Brands

Our “*Tsui Wah Concept* (翠華 Concept)” restaurant and our “*Tsui Wah EATery*” are located in Kowloon and at the Hong Kong international airport, respectively.

EXPANSION PLANS, SITE SELECTION AND DEVELOPMENT

As part of our strategy, we intend to continue expanding our restaurant network to strengthen our presence in Hong Kong and to expand further into the PRC. Our Directors are involved in implementing our expansion plans and new restaurant development.

Recent and Planned Expansion in the PRC

We intend to continue expanding in certain affluent regions in the PRC using our hub-and-spoke strategy. Our strategy in each new geographic area in the PRC is to initially establish one or more large flagship restaurants in densely-populated and high-traffic locations to increase brand recognition. We would then develop a central kitchen to act as the “hub” for all restaurants (i.e. the “spokes”) within the area to centralize and consolidate procurement, food preparation and logistics functions once a sufficient customer base is established. We plan to purchase a factory building for the development of central kitchen. Our current plans are to continue to develop and implement this business model in the Yangtze River Delta, Southern China and Central China regions.

Tsui Wah Restaurants

We operated one, two, two and four restaurants in the PRC as of March 31, 2010, 2011 and 2012 and June 30, 2012, respectively. We intend to open approximately five (including two restaurants already opened during the year ending March 31, 2013 as at the Latest Practicable Date), eight and 11 new Tsui Wah restaurants in the PRC in each of the three years ending March 31, 2013, 2014 and 2015, respectively.

Yangtze River Delta (primarily in Shanghai)

As at the Latest Practicable Date, we operated three flagship restaurants, each comprising over 7,000 square feet, in Shanghai. With our first central kitchen to be opened in Shanghai serving as our strategic hub, we expect to open three additional restaurants in the year ending March 31, 2013, and to open five and five restaurants in each of the two years ending March 31, 2014 and 2015, respectively in the Yangtze River Delta, primarily in Shanghai.

Southern China (primarily in Shenzhen and Guangzhou)

With a focus on Shenzhen and Guangzhou, we expect to open two and five restaurants in Southern China every year in each of the two years ending March 31, 2014 and 2015, respectively.

Central China (Wuhan)

We opened one flagship restaurant in Wuhan in May, 2012. We currently plan to open one additional restaurant in Wuhan in each of the two years ending March 31, 2014 and 2015, respectively.

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Our chief operation officer in the PRC is responsible for new restaurant development in the PRC with the assistance of our project team and of our regional office. Our management team in the PRC includes members recruited from the PRC, from whom we benefit from their experience in the PRC food and beverage industry. Day-to-day management of the restaurants is delegated to restaurant managers, who will report to our chief operation officer in the PRC from time to time. We engaged an outside human resources consulting company to develop and conduct comprehensive training programs for our employees, including restaurant level staff, in the PRC.

We have established a list of quality suppliers in Shanghai whom we source our raw materials and food ingredients from for our existing restaurants in Shanghai. We expect to continue our purchases with them as our operations in Shanghai expand. Most of these suppliers also have branches in Southern China such as Guangzhou, whom we will consider to use as our suppliers for our new restaurants to be opened in Shenzhen and Guangzhou.

We currently expect our new Tsui Wah restaurants in the PRC will be of an average size of over 7,000 square feet to over 10,000 square feet and generally having approximately 65 to 84 tables seating approximately two to four customers each. We expect each such new Tsui Wah restaurant in the PRC will require, on average, total capital expenditures of approximately HK\$9.0 million. As we intend to open five, eight and 11 restaurants in the PRC in the three years ending March 31, 2013, 2014 and 2015, respectively, the total planned capital expenditures for our new restaurant openings in the PRC for each of the respective year is expected to be approximately HK\$45.0 million, HK\$72.0 million and HK\$99.0 million. For the three months ended June 30, 2012, our total capital expenditures for our new restaurant openings in the PRC amounted to HK\$3.2 million. From July 1, 2012 to the Latest Practicable Date, the total capital expenditures we incurred for our new restaurant openings in the PRC amounted to HK\$14.3 million.

Central kitchen

We plan to construct our first central kitchen in Shanghai that we expect will become operational in the year ending March 31, 2014. We plan to purchase a factory building for the development of the central kitchen. This central kitchen is expected to cover approximately 30,000 square feet, and will include warehouse space to store food ingredients and finished products. At its full capacity, we intend for it to be able to support up to 40 Tsui Wah restaurants, within a radius of approximately 200 kilometers or within a transport range of two hours.

To support our planned expansion in Southern China, we plan to construct our first central kitchen in Southern China that we expect will become operational in the year ending March 31, 2015. We plan to purchase a factory building for the development of the central kitchen. We intend for this central kitchen to cover approximately 15,000 square feet, and at its full capacity, to support up to 20 Tsui Wah restaurants.

We expect our first central kitchen in Shanghai will require a total capital expenditure of approximately HK\$60.0 million. Approximately HK\$50.0 million of which is expected to be used for the acquisition of the factory building, which is expected to be incurred during the year ending March 31, 2014. The remaining HK\$10.0 million is expected to be used for purchasing equipment and for renovation, half of which is expected to be incurred during the year ending March 31, 2014 and the remaining is expected to be incurred in the year ending March 31, 2015.

We expect our first central kitchen in Southern China will require a total planned capital expenditure of approximately HK\$60.0 million. Approximately HK\$50.0 million of which is expected to be used for acquisition of the factory building, which is expected to be incurred

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during the year ending March 31, 2015. The remaining HK\$10.0 million is expected to be used for purchasing equipment and for renovation, half of which is expected to be incurred during the year ending March 31, 2015 and the remaining is expected to be incurred in the year ending March 31, 2016.

Accordingly, the total planned capital expenditure for our new central kitchens in the PRC for each of the three years ending March 31, 2013, 2014 and 2015 is expected to be approximately nil, HK\$55.0 million and HK\$60.0 million, respectively. For the three months ended June 30, 2012 and as at the Latest Practicable Date, we have not incurred any capital expenditure for our planned central kitchens in the PRC.

Recent and Planned Expansion in Hong Kong

While there are significant growth opportunities in new markets for us, such as the PRC, we also believe it is prudent to invest in expanding our market share in Hong Kong through the opening of additional restaurants and the implementation of a diversifying sales channels strategy.

Tsui Wah Restaurants

We operated 13, 16, 19 and 20 restaurants⁽¹⁾ in Hong Kong as of March 31, 2010, 2011 and 2012, and June 30, 2012, respectively. We intend to increase our market penetration in Hong Kong by replicating the success of our Tsui Wah restaurants. We currently plan to open approximately five (including two already opened during the year ending March 31, 2013 as at the Latest Practicable Date), four and four new Tsui Wah restaurants in Hong Kong in each of the three years ending March 31, 2013, 2014 and 2015, respectively. Similar to our existing Tsui Wah restaurants in Hong Kong, we currently expect our new Tsui Wah restaurants in Hong Kong will be of an average size of approximately 3,000 square feet and generally having approximately 30 to 67 tables seating approximately two to four customers each. We expect each such new Tsui Wah restaurant in Hong Kong, will require, on average, total capital expenditures of approximately HK\$9.0 million. As we intend to open five, four and four restaurants in Hong Kong in the three years ending March 31, 2013, 2014 and 2015, respectively, the total planned capital expenditure for our new restaurant openings in Hong Kong for each of the respective year is expected to be approximately HK\$45.0 million, HK\$36.0 million and HK\$36.0 million. For the three months ended June 30, 2012, our total capital expenditures for our new restaurant openings in Hong Kong amounted to HK\$7.4 million. From July 1, 2012 to the Latest Practicable Date, the capital expenditures we incurred for our new restaurant openings in Hong Kong amounted to HK\$12.2 million.

We intend that our new restaurants in Hong Kong will have the same or similar breakeven period, which we consider to be the point at which the restaurant's monthly revenue is at least equal to its monthly expenses, as the new restaurants we opened during the Track Record Period which have achieved breakeven, which is approximately one to two months. We intend that our new restaurants in Hong Kong will have the same or similar investment payback period, which we consider the amount of time it takes for the accumulated net profit from a restaurant to cover the costs of opening and operating the restaurant up to that point, including incurred capital expenditures and ongoing cash and non-cash operating expenses, as the new restaurants we opened during the Track Record Period which have achieved investment payback, which is approximately 12 months. For further details relating to investment payback period of new restaurants, see "Financial Information — Factors Affecting Results of Operations and Financial Condition — Number of Restaurants in Operation" in this prospectus.

⁽¹⁾ Includes one restaurant in Hong Kong owned by one of our Jointly-Controlled Entities.

Central kitchen

To support our growth in Hong Kong, we are developing a second central kitchen in Hong Kong that we expect will become operational in the year ending March 31, 2014. We plan to purchase a factory building for the development of the second central kitchen. This second central kitchen is expected to be between 30,000 square feet to 40,000 square feet, and will include warehouse space to store food ingredients and finished products. We intend for it to be able to support up to 50 new Tsui Wah restaurants within a radius of approximately 200 kilometers or within a transport range of two hours.

Our second central kitchen will be responsible for the mass production of key food and ingredients for all Tsui Wah restaurants including, for example, the processing and cooking of poultry, the preparation of seasonings, the preparation of dishes with popular demand, and bakery services. Our second central kitchen will provide storage facilities for Tsui Wah restaurants, and will also support our delivery services.

We expect our second central kitchen in Hong Kong will require a total planned capital expenditure of HK\$60.0 million. Approximately HK\$50.0 million of which is expected to be used for the acquisition of the factory building, which is expected to be incurred during the year ending March 31, 2014. The remaining HK\$10.0 million is expected to be used for purchasing equipment and for renovation, half of which is expected to be incurred during the year ending March 31, 2014 and the remaining is expected to be incurred in the year ending March 31, 2015. Accordingly, the total capital expenditure for our second central kitchen in Hong Kong for each of the three years ending March 31, 2013, 2014 and 2015 is expected to be approximately nil, HK\$55.0 million, and HK\$5.0 million, respectively. For the three months ended June 30, 2012 and as at the Latest Practicable Date, we have not incurred any capital expenditure for our second central kitchen in Hong Kong.

Central warehouse

We currently use a central warehouse provided by a third-party services provider to store dried products. We request our suppliers to deliver products directly to the central warehouse where our services provider coordinates receipt, inspection, storage and delivery of supplies to our restaurants. We supervise and provide guidelines to our services provider to ensure its level of services and quality control standard meet the requirements of our operations. To maximize economies of scale and to streamline the delivery process of our supplies, we will strengthen our use of the central warehouse provided by the third-party services provider. We believe that centralizing the purchasing, warehousing and delivery of products will help lower our purchasing costs and increase our bargaining power in negotiations with suppliers.

Delivery services

We have identified the market for delivery of *Cha Chaan Teng* cuisine in Hong Kong to be underserved. Currently, we utilize our existing restaurants to service our delivery customers. Our revenue from delivery and takeaway services increased at a CAGR of 22.8% from the beginning of the Track Record Period to March 31, 2012. We believe that we can broaden our customer base and increase sales by strengthening our delivery services from existing restaurants and by establishing a network of delivery centers to reach customers in areas where our existing restaurants are not located. We plan to strengthen delivery services from existing restaurants by hiring dedicated staff and drivers focused on delivery services and by procuring a sufficient number of delivery vehicles.

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Our delivery centers are expected to be standalone operations that offer selected items from our main menu geared toward delivery. As with our restaurant operations, a substantial majority of the food served from our delivery centers is expected to be prepared by our central kitchen. We expect each delivery center to be no greater than 1,000 square feet. Our delivery centers will be equipped with dedicated staff, motor vehicles and delivery drivers. We currently plan to open approximately one, three, and three new delivery centers in Hong Kong in each of the three years ending March 31, 2013, 2014 and 2015, respectively, and to purchase approximately 150 motor vehicles.

To manage and supervise our delivery services, we have retained a marketing and business development manager to be responsible for our new and extended delivery services, whom will be supported by a team of employees with extensive experience in delivery services selected from our existing restaurants.

We expect that each delivery center will require, on average, a total capital expenditure of HK\$1.5 million. As we intend to open one, three, and three new delivery centers in Hong Kong per year for each of the three years ending March 31, 2013, 2014 and 2015, respectively, the total planned capital expenditure for our delivery center openings in Hong Kong for each of the respective year is expected to be approximately HK\$1.5 million, HK\$4.5 million and HK\$4.5 million. For the three months ended June 30, 2012 and as at the Latest Practicable Date, we have not incurred any capital expenditures for our planned delivery center openings in Hong Kong.

The expected breakeven period, which we consider to be the point at which the delivery center's monthly revenue is at least equal to its monthly expenses, is approximately three months. The expected investment payback period, which we consider the amount of time it takes for accumulated net profit from a delivery center to cover the costs of opening and operating the delivery center up to that point, including incurred capital expenditures and ongoing cash and non-cash operating expenses, is approximately 12 months.

Catering services

We believe that we can leverage on the depth of our experience and our recognized ability to provide consistently quality food to expand into the catering services industry. We commenced this catering service under a new brand, "Supreme Catering", in October 2012. While we offer signature dishes from our Tsui Wah restaurants in our catering menu, substantially all of the menu items we offer in our catering menu are different from our Tsui Wah restaurants. In addition, our catering service allows customers to personalize their menus and customize tailor-made dishes upon request. Food is prepared at a new food factory of approximately 1,300 square feet, separate from our central kitchen and Tsui Wah restaurants. Currently, we operate a catering services center under the name "Supreme Concept Kitchen" in Hong Kong, where potential customers of our catering services can sample our menu items. Customers may also rent our catering services center for events. We have retained a specific team of personnel, including a marketing director in respect of our "Supreme Catering" brand, to be responsible for our catering services, which includes certain additional services such as pre-event planning assistance, decoration of site or premises of the particular event, providing of waiting staff and coordination with third party vendors and entertainers.

We expect our new catering service will require a total planned capital expenditure of HK\$5.0 million, of which HK\$2.0 million, HK\$1.5 million and HK\$1.5 million for each of the three years ending March 31, 2013, 2014 and 2015, respectively. For the three months ended June 30, 2012, our total capital expenditures for our new catering service amounted to HK\$0.6 million. From July 1, 2012 to the Latest Practicable Date, the total capital expenditures we incurred for our new catering service amounted to HK\$0.1 million.

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The expected breakeven period, which we consider to be the point at which our catering service's monthly revenue is at least equal to its monthly expenses, is approximately four months. The expected investment payback period, which we consider the amount of time it takes for the accumulated net profit from our new catering service to cover the costs of launching of the new catering service up to that point, including incurred capital expenditures and ongoing cash and non-cash operating expenses, is approximately 16 months.

Variability, Capital Expenditure and Benefits

Our planned new restaurants are expected to be opened on a rolling basis, with a typical lead time from the commencement of the site selection process to the opening of a restaurant of approximately three to four months. As part of our expansion plan for the year ending March 31, 2013, we have already opened two restaurants in the PRC and two restaurants in Hong Kong since April 1, 2012 and up to the Latest Practicable Date. In addition, we have entered into binding leases for the premises of (i) the remaining three restaurants which we plan to open in Hong Kong during the year ending March 31, 2013 and (ii) two of the remaining three restaurants which we plan to open in the PRC during the year ending March 31, 2013. We are in the process of finalizing the lease agreement of the remaining restaurant which we plan to open in the PRC. Taking into consideration the cash and cash equivalents, anticipated cash flows expected to be generated from our operating activities and proceeds from the Global Offering, the Directors believe that our Company will have sufficient funds to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures for our current expansion plan for at least the next 12 months from the date of this prospectus.

The actual number, location and timing of new restaurant openings and timing for the launch of any additional services in any period will be affected by a number of factors and subject to a number of uncertainties. We may make necessary adjustments to the number, location and timing of planned new restaurant openings and the timing for the launch of any additional services, depending on the then existing market conditions and status of pre-opening development and preparation for the relevant restaurants. See "Risk Factors — Risks Relating to Our Business — Opening new restaurants in existing markets may negatively affect sales at our existing restaurants" and "Risk Factors — Risks Relating to Our Business — The impact of new restaurant openings could result in fluctuations in our financial performance" in this prospectus.

We believe that we will be successful in the execution of our expansion plan to increase penetration of existing markets and expand into new markets because of the key strengths of our Company. We expect that our expansion will provide us with the following benefits:

- *Increasing market share.* According to the Frost & Sullivan Report, (i) the sales value of Hong Kong's *Cha Chaan Teng* sector increased from approximately HK\$17.1 billion in 2007 to HK\$22.7 billion in 2011, representing a CAGR of 7.3%, and (ii) the sales value of China's *Cha Chaan Teng* sector increased from approximately RMB9.1 billion in 2007 to RMB24.8 billion in 2011, representing a CAGR of 28.6%. We believe that our expansion plan will help us to capture more market share in a fragmented but fast-growing market.
- *Broadening customer base.* The additions of delivery centers and catering services are expected to broaden our customer base in Hong Kong.
- *Increasing total sales.* The additions of new restaurants and the establishment of a multi-channel sales strategy are anticipated to increase the total sales of our Company.

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- *Gaining advantage over competitors.* We believe that opening new restaurants in Hong Kong and in China will help us to (i) secure premium locations ahead of our competitors, (ii) expose our brand to new customers before competitors can open new restaurants in our target markets, and (iii) attract more customers away from competitors.
- *Strengthening brand awareness.* An expanding restaurant network will increase our geographical presence and help to reinforce and broaden our brand, which we believe will help us to promote brand awareness among consumers; and
- *Enhancing cost efficiency.* We believe that an expanding restaurant network will increase cost efficiency by (i) strengthening our bargaining power over our suppliers and other contractors, and (ii) increasing our operating leverage due to a flexible allocation of resources.

We believe our operational infrastructure will enable us to successfully and efficiently implement our expansion plan. We will continue to standardize and refine our operating procedures at all levels, seek to attract qualified employees including restaurant staff and operations management personnel, invest in developing an enterprise resources planning system and utilize our central warehouse to strengthen our bargaining power over suppliers. We have also established training programs to ensure sufficient provision of well-trained employees for our newly opened restaurants. For more details, see “Business — Employees — Training Programs” in this prospectus. By planning to open a second central kitchen in Hong Kong and a new central kitchen in China, we believe the centralized functions at our central kitchens will be strengthened to support our expanding restaurant network. For more details, see “Business — Restaurant Operations and Management — Central Kitchen” in this prospectus.

Site Selection Process

We consider identifying a suitable location for our restaurants to be crucial to our success and to maximizing our revenue. Most of our existing restaurants are situated on the ground floor of high-traffic locations and are close to, or form part of, activity centers such as shopping malls, cinemas and shopping areas. The factors that we take into account in selecting a new restaurant site include the accessibility of the potential site to our target customers, spending patterns of our target customers, geographic coverage of the site compared to that of our existing restaurants so as to avoid any reduction of existing customer traffic, proximity to our competitors, size of the premises, engineering and mechanical structure of the premises and restrictions on opening hours of the premises.

Our chief executive officer and our Directors are involved in the site selection process, including the evaluation, inspection and approval of each restaurant site prior to development. We consider carefully and conservatively with respect to our committed capital expenditure and our estimated return on investment. We choose each site strategically in order to increase our market penetration, attract customers from our competitors while avoiding dilution of customer traffic among our own restaurants. For risks associated with opening of new restaurants, see “Risk Factors — Risks Relating to Our Business — Opening new restaurants in existing markets may negatively affect sales at our existing restaurants” in this prospectus.

New Restaurant Development Procedures

The typical lead time from the commencement of the site selection process to the opening of a restaurant is approximately three to four months. Key steps in the development process of a new restaurant include the following:

- *Lease negotiation and execution.* Upon approval by our Directors and the chief executive officer of a target site, and after we complete our investigation and feasibility studies on the site from the standpoint of converting it into a restaurant, we commence lease negotiations with the landlord. We generally require our leases to have a term of approximately two to ten years. Some leases may have a rent-free period ranging from one to eight months to allow time for renovation and decoration.
- *Renovation.* Upon signing a lease and taking possession of the premises, we commence the designing of the restaurant. Restaurants are designed with different themes, depending on the location of the premises and based on the ideas of our Directors. The design and renovation generally require two months. Our staff with engineering knowledge is involved to ensure the premises are designed and renovated in a manner suitable for our restaurant operations.
- *Licensing and permits.* Concurrently with the renovation, we engage a third-party consultant to provide consultancy services in applying for various licenses necessary for the operation of the restaurant, which we believe helps us to focus on our restaurant business.
- *Staffing.* Upon completion of renovations and successful application of all required licenses and permits, our human resources department relocates staff from our existing sites and trains new staff in preparation of the launch of the new restaurant.

RESTAURANT OPERATIONS AND MANAGEMENT

Pricing

We generally follow a set of benchmark prices for our menu items in all restaurants and our delivery services.

For our Tsui Wah restaurants in Hong Kong, we allow for limited price adjustments based primarily on the relative affluence and spending power of the area in which the restaurant is located.

Key factors in determining the benchmark prices and pricing adjustments include:

- cost of the menu items;
- cost structure of restaurants and target margins;
- location and profile of the specific restaurant;
- spending patterns of target customers; and
- prices set by competitors.

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We generally charge higher prices at our Tsui Wah restaurants in China owing to our ability to charge a premium for our *Cha Chaan Teng* cuisine, as it is regarded as a novelty cuisine imported into China. Where our restaurants are located in prominent locations, such as the Tsui Wah restaurant in the Galaxy casino in Macau and the “*Tsui Wah EATery*” in the Hong Kong international airport, we are generally able to command higher prices for restaurants.

For our “*Tsui Wah Concept* (翠華 Concept)” restaurant, since we principally offer set meals which include a main dish, a side dish and a beverage, the prices of our set meals are set at a slightly concessionary rate.

We do not charge a service fee at any of our restaurants, except during the Chinese New Year holiday.

We review our main menu on a half-yearly basis. Based on our review, we adjust our menu prices accordingly. Adjustments to our menu prices are principally in response to increases to our costs of sales, and take into account, amongst other things, our food and beverage costs, the general market trend and prices set by our competitors. As a result, we were able to maintain a relatively stable gross margin during the Track Record Period. We believe our increases in menu prices during the Track Record Period were within a reasonable range and were accepted by our customers, as reflected by the general increase in our average number of invoices per table per day and average spending per invoice for our comparable restaurants during the Track Record Period.

Settlement and Cash Management

To ensure the accuracy of record keeping of customers’ invoices, our table staff use electronic personal data assistants to take orders. We provide continuous employee training on operating procedures. We have implemented guidelines for our point-of-sale system through our settlement and cash management manual which illustrates in detail our point of sale system and the logistics with respect to collection of payment by way of cash. We conduct a reconciliation between the cash receipts as recorded in our systems against the cash kept at the cash register on a daily basis at each of our restaurants. If the cash kept at the cash register is found to be less than the amount recorded in our system, our cashier is liable to reimburse us for the difference. We believe this helps to effectively deter errors in collecting cash payments from customers and petty theft.

To avoid misappropriation and illegal uses of cash, we have adopted a cash management and delivery system in each of our restaurants. Cash received at a restaurant pending delivery to our banks is kept in our safes located in each restaurant. For our restaurants in Hong Kong, we engage a reputable cash transport services provider to deliver cash from our restaurants to our banks every day. For our restaurants in the PRC and Macau, our banks arrange for delivery of cash from our restaurants to the banks every working day, except for certain restaurants where it is not cost effective to do so given the short distances between the restaurants and the banks. In such instances cash is delivered to our banks by our staff. We maintain insurance in respect of cash kept at our restaurants as well as cash in transit to the banks delivered by our staff.

Customers’ invoices at our restaurants are primarily settled by cash or by smart card. A handful of our Tsui Wah restaurants, such as our Tsui Wah restaurant at Victoria Peak in Hong Kong and our “*Tsui Wah EATery*”, accept credit card payments. For more details, see “Financial Information — Principal Consolidated Income Statement Components — Revenue” in this prospectus.

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During the Track Record Period, we did not experience any misappropriation of cash by our employees, customers, or other relevant third parties that had any material adverse impact on our business and results of operations.

Restaurant and Structure

Operations standardization

We have established a scalable business model by developing and implementing standardized operations, which we believe distinguishes us from competing *Cha Chaan Teng* restaurants in Hong Kong and in China. We have implemented a set of standard operating procedures for each of our operating and administrative functions, such as our employees' manual, kitchen operation manual, settlement and cash management manual, beverage booth manual, cleaning staff manual, bakery manual, and noodle booth manual.

Our standardized management system is further extended to our food production. At our restaurants, the duties of our staff are highly specialized. We have implemented a detailed yet efficient organizational structure, allocating our chefs and staff with specific duties and stating their relative rank in the restaurants. For example, chefs of different seniorities are each tasked with specific duties according to their level of experience. In addition to improving work efficiency and ensuring quality consistency of food, this specialization helps us to protect our proprietary recipes and cooking methods, and shorten our training cycles for chefs.

Management structure

Our management structure is designed to promote efficiency in supervising, directing and supporting our operations, quality control systems, recruitment processes and training programs in different geographic regions:

- *Headquarters management.* The overall management of our business and operations is conducted at our headquarters in Hong Kong. Our headquarters is responsible for the corporate business and finance administration of our organization, operational management and supervision, such as financial planning and analysis, management-level recruitment, and sales and marketing of the group as a whole and each of our restaurants.
- *Overseas management.* Our operations outside of Hong Kong are divided into two regions: the PRC and Macau. A regional manager in each region oversees restaurant operations in the particular region and reports to our headquarters.
- *Project team.* Our project team takes charge of our group's overall expansion and strategic development, including how to capture new market opportunities, the expansion of our restaurant network and our other strategic initiatives.
- *Finance team.* Our finance team oversees the accounting system and handles other accounting related matters.
- *Human resources department.* Our human resources department handles administration, staffing and the training of employees.

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- *Corporate communication and marketing department.* Our centralized communication channel provides a consistent response to our customers and to the public, including, for example, designing the layout of our menus, preparing advertising and promotion materials, and handling customer complaints. The marketing division handles advertising and promotional campaigns.
- *New project team.* Our delivery services and catering services are overseen by the new project team.
- *Procurement department.* Our procurement department places and administers the supply requirements of all of our restaurants and places orders with our suppliers.
- *Production team.* Headed by our chief chef, the production team comprises of chefs stationed at each of our restaurants. It supervises the operations of the kitchen, beverage booth, bakery and noodle booth at each restaurant. Our production team is also responsible for product development, including the research and development of new and seasonal dishes. It works closely with our central kitchen in implementing new dishes into our main menu.
- *Operations team.* Our operations team are categorized according to dishes offered, restaurant-level management and facilities maintenance. Additionally, each of our restaurants is operated and managed by its own restaurant management team.
- *Central kitchen.* Our central kitchen produces and distributes semi-processed food and processed food to each of the restaurants. For details, see “Business — Restaurant Operations and Management — Central Kitchen” in this prospectus.

Central Kitchen

As at the Latest Practicable Date, we had established one central kitchen in Hong Kong. We have been able to successfully apply the concept of a central kitchen to support the operation of our restaurants. We set up our central kitchen in Hong Kong in 2008. Our central kitchen centralizes, for our restaurant operations, the production and distribution of semi-processed food and processed food, including fish balls, meats, soups and sauces, and prepares the proprietary seasonings and spices used in our dishes. For the year ended March 31, 2012, approximately 50% of the semi-processed or processed food ingredients used in our Tsui Wah restaurants were prepared at our central kitchen. Our current central kitchen is approximately 9,000 square feet and located in Tsuen Wan, New Territories, Hong Kong.

We believe key benefits from the use of a central kitchen include the ability to ensure quality consistency across various restaurants. By preparing a significant portion of semi-processed or processed food in our central kitchen, our customers can enjoy consistent food quality in any of our restaurants. We also benefit from economies of scale by centralizing our storage function and training our chefs to prepare specialized dishes. In addition, the risk of leakage of our secret recipes is also significantly reduced by centralizing most of the preparatory work to chefs working in the central kitchen.

Organizationally, our central kitchen is generally supervised by a factory manager. The factory manager supervises the delivery, quality control and storage of raw materials and foods. The supervision of the production process is delegated to the production manager who oversees the preparation of dishes and their packaging for delivery to our restaurants. We believe this operational model enables an efficient division of labor while maintaining close co-operation within the central kitchen.

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In terms of space utilization, our central kitchen comprises (i) an inventory storage facility that centralizes the storage and distribution of our food ingredients and other supplies used at our central kitchen and restaurants and (ii) a finished products storage facility that stores semi-processed or processed products prepared by our central kitchen.

We minimize the inventory we need to store and we order raw materials and supplies, to the extent possible, on an “as needed basis”. When requested, our suppliers deliver the ordered goods to our respective inventory storage facilities where our employees inspect the quality of the goods in accordance with our formulated quality standards before acceptance. Our employees at our central kitchen monitor the shelf lives of various inventory and semi-processed or processed food ingredients to avoid spoilage.

Our restaurants issue production requests to our procurement department. Our procurement department coordinates and liaises the requests with the central kitchen. Deliveries are made on a daily basis to ensure freshness of food with additional deliveries on an “as needed” basis in the evening. Deliveries of processed food from our central kitchen to our restaurant locations are made primarily using our delivery vehicles. During the Track Record Period, we did not experience any material vehicle malfunction which hindered the delivery of food.

Currently, we operate two shifts in our current central kitchen, enabling our central kitchen to support up to 25 restaurants. Even though at maximum capacity we can operate three shifts, including an overnight shift, we expect that our inventory storage facility and finished products storage facility at our current central kitchen will reach maximum capacity in the near future. In order to support our planned expansion in Hong Kong, we expect to open a second central kitchen of approximately 30,000 to 40,000 square feet in Hong Kong, which we expect to become operational in the year ending March 31, 2014. We intend for this second central kitchen, at full capacity, to be able to support up to an additional 50 Tsui Wah restaurants, within a radius of approximately 200 kilometres or within a transport range of two hours. To support our planned expansion in Shanghai, we expect to open our first central kitchen of approximately 30,000 square feet in Shanghai, which we expect to become operational in the year ending March 31, 2014. We intend for our first central kitchen in Shanghai, at full capacity, to be able to support up to 40 Tsui Wah restaurants, within a radius of approximately 200 kilometres or within a transport range of two hours. To support our planned expansion in Southern China, we expect to open our first central kitchen of approximately 15,000 square feet in Southern China, which we expect to become operational in the year ending March 31, 2015. We intend for our first central kitchen in Southern China, at its full capacity, to be able to support up to 20 Tsui Wah restaurants, within a radius of approximately 200 kilometres or within a transport range of two hours. We consider our investment in central kitchens as long-term investments and we expect our second central kitchen in Hong Kong, our first central kitchen in Shanghai and our first central kitchen in Southern China will be able to support our expansion of restaurants and delivery centers in their respective areas beyond the coming ten years. For equipment and machineries in our new central kitchens, we plan to install them in stages in accordance with the expansion of our restaurant network in the respective areas. With the additional production capacity of the new central kitchens, we expect more semi-processed or processed food ingredients used in our restaurants will be prepared at our central kitchens. In the near future, we expect that up to 70% of the semi-processed or processed food ingredients used in our restaurants will be prepared at our central kitchens. As at the Latest Practicable Date, we are in the process of identifying suitable locations or premises for our second central kitchen in Hong Kong and our first central kitchen in Shanghai, respectively, and thus have not yet obtained relevant licenses for their operations.

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Customer Complaints

During the Track Record Period, we recorded approximately 200 customer suggestions and complaints per year for each of the three years ended March 31, 2010, 2011 and 2012, respectively, and approximately 50 customer suggestions and complaints for the three months ended June 30, 2012, with respect to our restaurant operations in Hong Kong, the PRC and Macau, based on our internal records. These complaints were direct feedback we received from our customers in our restaurants. Other than the three isolated incidents of non-compliance relating to food and health-related matters, we did not receive any other complaints referred to us by other sources. For more details on the three isolated incidents of non-compliance, see “Business — Non-compliance of our Group during the Track Record Period — Food and Health-related Non-compliance Matters” in this prospectus.

The complaints we received from customers directly during the Track Record Period generally concerned the taste and style of a particular dish and the service quality of restaurant staff. We treat customer complaints seriously and view it as a means to consistently improve our service level and food quality. Upon receiving a complaint, we offer remedial proposals to the customer. Generally, if the complaint concerns the taste or quality of a particular dish, we will try to improve the taste of the particular dish to the customer’s satisfaction on the spot, or offer to exchange such unsatisfactory dish for another dish to our customer if necessary. If the complaint concerns the service quality of a particular staff, the complaint will be handled by our restaurant manager who will obtain details of the complaint from our staff and offer a response to the customer. For each complaint received, we will promptly record the complaint in our internal records. We review our internal records of suggestions and complaints on a regular basis and provide suitable employee training based on these records in order to improve our operations.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any complaints from customers that had any material adverse impact on our brand, our business and results of operations. For details of certain isolated incidents of non-compliance relating to food and health-related matter, see “Business — Non-compliance of our Group during the Track Record Period — Food and Health-related Non-compliance Matters” in this prospectus.

Licensing

We require certain licenses in relation to our restaurant operations in Hong Kong, the PRC and Macau. For details, see “Laws and Regulations — Regulatory Framework” in this prospectus.

In respect of our restaurant operations in Hong Kong, all our restaurants are operated under valid restaurant licenses, and in relation to those of our restaurants in Hong Kong that require bakery licenses and/or alcohol licenses, these licenses have also been obtained.

PRODUCT DEVELOPMENT

We seek to develop new seasonal menu items and refine our signature and core dishes to exceed our customers’ expectations and to attract new customers. Our menus are modified based on the changing tastes of customers, shifting food and nutrition trends according to feedback from our customers.

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We have established a product development system under which we continuously develop new dishes. We have built a pool of reserve dishes and secret recipes through our ongoing product development efforts over the years. Each of our product development projects primarily consists of the following key steps:

- *Identification of key raw materials.* To develop a new dish, we seek to secure a stable supply of key raw materials at prices and qualities acceptable to our standards. The development process commences by identifying the raw materials integral to a new dish.
- *Develop new dishes.* The production development department, headed by the chief chef and supported by other experienced chefs, considers new dishes based on evolving trends, the nature and characteristics of the food ingredients, and the sense and knowledge of our chefs of what will be successful in the restaurant industry.
- *Approval by the Directors.* When a potential new dish, together with its standard recipes have been finalized, our Directors will consider and, if deemed fit, approve the dish for launch. A price will be set according to the costs associated with the production process, target profit margins and the positioning and strategy of launching a new dish.
- *Test launch and launch.* Before launching a new dish in all restaurants, we may conduct a test launch in certain selected restaurants. We may adjust the scale of our production plan for the new dish based on the sales volume it generates during the test launch. We continue to track the sales volume and collect feedback from our customers after the test launch, which helps us to assess the level of market acceptance to the newly introduced menu item.
- *Integration into the main menu.* Upon receiving positive feedback from customers after the test launch and securing a stable source of key ingredients for the dish, we include the dish in our main menu and work with the central kitchen for its regular production and delivery to our restaurants.

MARKETING AND PROMOTION

As a restaurant chain, we have a large and diverse customer base. Our revenue derived from our five largest customers accounted for less than 30% of our total revenue for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012.

Our marketing and promotional efforts are designed to help us increase sales by attracting new customers, increasing frequency of visits of existing customers, helping newly-opened restaurants achieve target performance and promoting the image and recognition of our brand among our target customers. We believe we have achieved strong brand awareness in the *Cha Chan Teng* industry. During the Track Record Period, we employed various marketing programs and campaigns:

Marketing programs and campaigns in Hong Kong

Flagship Restaurants

We generally select high-traffic locations to open a flagship restaurant, which assists with promoting brand awareness. In addition, we have opened restaurants in locations frequently visited by tourists in Hong Kong, such as our “*Tsui Wah EATery*” at the Hong Kong international

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airport and our Tsui Wah restaurant at the Victoria Peak, in part to increase our visibility, particularly among tourists from the PRC whom we hope to attract to our new Tsui Wah restaurants in China.

Innovative Souvenirs

During the Track Record Period, we introduced innovative souvenirs and pop-culture merchandise and items to maximize brand awareness for customers and tourists.

Traditional Promotional Campaigns

Other promotional activities are primarily accomplished through traditional and print-based media. We generally focus on promoting newly opened restaurants and newly introduced dishes. We take into account factors such as seasonality, nature of the premises, spending patterns and consumer preferences of different regions to tailor each campaign to the requirements of our restaurants.

Marketing programs and campaigns in Macau

Cooperation with casino

During the Track Record Period, our Tsui Wah restaurant in Macau entered into a cooperation arrangement with the Galaxy casino in which we participated in promotional activities organized by the Galaxy Macau Resort & Hotel from time to time. For example, players in the Galaxy casino may use the “points” they earned playing in the casino on their Galaxy membership cards as cash in our Macau restaurant, and customers who purchased movie tickets may be eligible for cash discounts in our Macau restaurant.

Marketing programs and campaigns in China

Flagship Restaurants

We have opened flagship restaurants in high-traffic areas in China to promote brand awareness, such as our three flagship restaurants in Shanghai and one flagship restaurant in Wuhan.

Collaboration with tourism boards

We envisage great growth opportunities in China as we continue to strengthen our presence in the market. As a new brand in China, we recognize the need to be proactive in our marketing activities. The Hong Kong Tourism Board recognizes us as a quality restaurant, which enhances our visibility and confidence among China visitors in Hong Kong. In 2011, we also participated in the Quality Tourism Services Scheme organized by the Hong Kong Tourism Board to conduct promotional activities in Shanghai.

Focus on public relation initiatives and interaction with conventional media channels

Our senior management appears on television and magazines to introduce our brand and cuisine and to contribute information on our cuisine.

Going forward, we may engage outside marketing and public relations consulting firms to assist our marketing campaigns in China.

PURCHASING

Our ability to maintain consistent quality throughout our restaurants depends in part upon the ability to procure quality food ingredients. We have adopted procurement strategies for our food and supplies, including contingency plans for key products, ingredients and supplies which are feasible due to the flexibility of our menu. During the Track Record Period, we did not experience any interruption in the supply of food ingredients, early termination of supply agreements or failure to secure sufficient quantities of irreplaceable food ingredients that had any material adverse impact on our business and results of operations.

Supplier Management

We purchase food and supplies from more than 100 suppliers. We generally work with a relatively small number of suppliers at a particular time, however, so as to ensure proper accountability. We prefer to work with larger suppliers with whom we have developed long-standing relationships. On average, we have over three years of business dealings with our major suppliers.

During the Track Record Period, our five largest suppliers were principally engaged in the business of supplying food and ingredients that we respectively purchased from them, including the sale of (i) frozen food, (ii) vegetables, (iii) coffee and related products, (iv) lemon and egg, and (v) rice, canned food and groceries. In each financial year during the Track Record Period, we have purchased food and supplies for over three years from four of our five largest suppliers and have purchased food for over 20 years from one of our five largest suppliers.

Our Executive Directors and our chief executive officer conduct quality reviews of purchases from each potential supplier when considering to include a supplier into our supplier list from time to time. We consider the timeliness, completeness, reliability and responsiveness to contingency of its delivery of the food ingredients ordered by us. We have been following a set of standardized supplier management procedures comprising, among other things, a review of samples provided by suppliers to our Executive Directors and our chief executive officer. The participants examine and discuss, among other things, the price, quality, stability and delivery of the food samples provided. The price and quality of the food ingredients are assessed on a blind-test basis, without disclosing the identity of the suppliers, which we believe enables us to select suppliers objectively. Any decision in relation to selection or replacement of a key supplier requires approval by the Executive Directors and the chief executive officer. We select our suppliers fairly, in accordance with applicable laws and based on objective criteria, such as quality of supplies.

Our procurement team comprises of six staff including, and is lead by, our procurement manager. Our procurement manager has over ten years of experience in the catering and purchasing industry. Other staff in our procurement team generally have around two to ten years of experience in the catering purchasing industry. Our procurement team is required to make purchases only to those suppliers which are included in our suppliers' list. The procurement team reviews the quality of suppliers on a regular basis and provides monthly reports to the Executive Directors and the chief executive officer. Each of the members of the procurement team confirms to us that they are independent from the suppliers and do not receive any kickback from them and our suppliers also confirm to us they are independent from and do not pay any kickbacks to members of our procurement team.

We believe our adherence to these standards effectively prevent us from entering into kickback arrangements or bribery schemes with our suppliers.

Suppliers, Sources and Price of Raw Materials

Representatives from our procurement team communicate with our suppliers to ensure the food and supplies delivered meet the specified standards. Additionally, we place great emphasis on sourcing food ingredients from reliable suppliers to help ensure the quality of the ingredients. We manage our suppliers and procurement strategy based on the categories of food and supply, which include the following major food ingredients:

- *Rice.* We source our rice principally from Thailand, a major exporter of rice. During the Track Record Period, the purchase price of rice was relatively stable, except in the year ended March 31, 2012 when we procured rice of a better quality which resulted in an increase in purchase price of approximately HK\$2 per kg.
- *Chinese cabbage.* We source fresh Chinese cabbage principally from China. There are a number of vegetable suppliers in the market, and we believe we are able to identify quality suppliers of Chinese cabbage through our continuous review. During the Track Record Period, the purchase price of Chinese cabbage was relatively stable.
- *Frozen pork chop, chicken leg and beef.* We source these food products through a limited number of large distributors rather than from a diverse range of producers, which we believe allow us to better control quality and consistency. We principally source frozen pork chop and frozen beef from Brazil and frozen chicken leg from China. During the Track Record Period, the purchase prices of frozen chicken leg and frozen beef generally increased. The purchase price of frozen chicken leg increased by approximately HK\$5 per kg, and the purchase price of frozen beef increased by approximately HK\$8 per kg. The purchase price of frozen pork chop increased by approximately HK\$1 per kg, principally due to fluctuations in the market price.
- *Frozen sole fillet.* We source frozen sole fillet principally from New Zealand, which we believe are of better quality. During the Track Record Period, the purchase price of frozen sole fillet generally increased by approximately HK\$30 per kg.

We believe the increases in prices of our major food ingredients during the Track Record Period were reasonable and did not have a material adverse effect on our results of operations and financial condition.

Rice, frozen pork chop, chicken leg and beef and frozen sole fillet each has a shelf life of 12 to 24 months and Chinese cabbage has a shelf life of approximately three days. Notwithstanding the shelf lives of our major food ingredients, the inventory turnover days are much lower than the shelf lives, which we believe helps ensure the quality and freshness of the dishes. For inventory turnover days of our food ingredients generally, see “Financial Information — Discussion of certain statements of financial position items — Inventories” in this prospectus.

For the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, purchases from our largest supplier accounted for 9.0%, 8.1%, 5.7% and 4.7% of our total purchases of the relevant period, respectively, and purchases from our five largest suppliers accounted for 30.2%, 27.0%, 23.9% and 21.8% of our total purchases, respectively. None of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital had any interest in any of our five largest suppliers in the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012. We normally have payment terms of 45 days.

Purchase Cost Control

We do not enter into framework agreements with our suppliers. The purchase prices with suppliers for our food ingredients and raw materials are typically set at a fixed price by way of purchase orders. We also seek to achieve purchase cost control by bulk purchases. Most of our suppliers allow us to buy in large quantities available for our use over a few months, with deliveries in batches. This arrangement enables us to lock-in prices for the quantities purchased.

Being in the *Cha Chaan Teng* industry, we offer a wide range of dishes with substitutable ingredients. In the event there is any significant price increase in any particular ingredient, we are able to react quickly by offering comparable dishes composed of alternative ingredients. This reduces our sensitivity to increases in the price of our food ingredients and raw materials and allows us to be more cost efficient. Other measures to mitigate the adverse impact of increases in food ingredients and raw materials adopted by us include screening additional suppliers for food ingredients with similar quality but at lower price, streamlining our food production process to increase efficiency and reduce waste as well as adjusting our menu prices on a regular basis to reflect any increases in our cost of sales, including our food and beverage costs. For more details on our pricing policy, see “Business — Restaurant Operations and Management — Pricing” in this prospectus.

Food and beverage costs, as represented by our cost of inventories sold, accounted for 30.4%, 30.6%, 31.0% and 30.9% of our revenue for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. We currently do not engage in futures contracts or other financial risk management strategies against potential price fluctuations in food costs. We may not be able to anticipate and react to changes in food costs in a timely manner or at all, including through our purchasing practices and menu price adjustments in the future. See “Risk Factors — Risks Relating to Our Business — Our operations are susceptible to increases in purchase costs for a variety of food ingredients, which could adversely affect our margins and results of operations” in this prospectus.

Purchasing Procedures and Management

We have established centralized purchase procedures for all purchase orders. We have established internal review and approval procedures for all purchase orders, including the centralized purchases made through our procurement department.

Our purchase management team consists of, among others, certain of our executive Directors. Approval from our purchase management team is required for material matters, such as purchase orders of substantial value, purchases from new suppliers and termination of any key supplier. Our employee handbook sets forth strict guidelines against engaging in bribery and creating circumstances which may create a conflict of interest between our Company and our employees.

Our restaurants place purchase orders with our procurement department. To keep the food ingredients and supplies fresh, our restaurants are usually required to maintain an inventory level of not more than two days. The central kitchen then works with our procurement department to place orders for an appropriate quantity with our suppliers. We receive food ingredients and supplies from our suppliers, to the extent possible, on an “as needed” basis and in accordance with our estimated production volume under which we seek to minimize the amount of food that we must store. Under this system, we purchase a certain quantity of food ingredients and supplies from which we draw down over a given period. If we do not draw down the complete amount by the end of the period, we pay the suppliers to store the remainder until we do.

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Upon delivery of the food ingredients and supplies, our designated quality inspection personnel conduct quality inspections before acceptance. We have separated the various supply chain functions, including supplier selection, price determination, issuance of purchase order and inspection and acceptance, to different departments and personnel, which we believe helps to secure our effective control over supply chain.

QUALITY CONTROL

We strive to maintain quality and consistency in our restaurants through training and supervision of personnel and through the establishment of standards relating to food preparation, maintenance of facilities and conduct of personnel. We have well-established quality control procedures covering all levels of operations including (i) supply chain, (ii) central kitchen, (iii) logistics and (iv) each restaurant. During the Track Record Period and as at the Latest Practicable Date, we were not subject to any investigation regarding the hygiene of our food or restaurants by any governmental authorities.

Supply Chain Quality Control

All of our suppliers are required to comply with quality standards imposed by regulatory authorities with respect to their food ingredients and other supplies. We conduct regular reviews of the quality and amount of purchases from each supplier.

We have a team of designated quality inspection personnel, comprising of the executive Directors and representatives from our procurement team, responsible for selecting suppliers. For the procedures we adopt in selecting supplies, see “Business — Purchasing — Supplier Management” in this prospectus.

Central Kitchen Quality Control

A significant portion of food ingredients and supplies are delivered to the central kitchen. Our central kitchen serves as a gate-keeper for quality food ingredients and supplies. We adopt the Hazard Analysis Critical Control Point, known as HACCP, a comprehensive quality control standard. The HACCP stipulates principles and procedures on food safety. We have adopted specific food preparation, packaging, storage and delivery standards with respect to our semi-processed and processed food, in accordance with HACCP.

In terms of quality control of food ingredients, our central kitchen has a specialized quality inspection team. As at the Latest Practicable Date, the quality inspection team at our central kitchen in Hong Kong comprised of the production manager and three members, all of whom are responsible for inspecting our food ingredients and supplies. The production manager has over seven years of experience in food business, including experience in food quality control and has completed HACCP training courses related to quality assurance and inspection. Our production manager also attended occupational and food safety courses organized by the Hospitality Industry Training and Development Centre and the Occupational Safety and Health Council. The other three members have one to five years of experience in quality control and have also completed HACCP or food safety training courses. Two of them have also obtained vocational training in Food Science and Technology organized by the Vocational Training Council. The quality inspection team is equipped with the knowledge and skills to inspect the quality of all food ingredients and other supplies delivered to the central kitchen. We intend to set up similar quality inspection teams at all the new central kitchens.

In terms of quality control at each stage of the food processing, it is supervised by our chief chef and prepared in accordance with our formulated food processing procedures and the HACCP requirements. Any in-progress foods that are not in compliance are removed.

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Externally, we engage an independent inspection and testing company, SGS Limited (“SGS”), to conduct checks against our food samples and other related samples. We engaged SGS due to its over 50 years of experience in Hong Kong and reputation for providing high-level expertise in testing, verification, technical consultancy and inspection of products from various industries including, among other things, laboratory testing services of food. SGS has around 1,200 multi-discipline professionals in Hong Kong. It provides one-stop services for supply chain in various industries including, among others, food industry. SGS tests the quality, safety and performance of our products such as our raw materials, semi-manufactured food and final products against relevant health, safety and regulatory standards. We believe certification by SGS enables us to demonstrate that our products are in compliant with applicable standards. Our agreement with SGS is automatically renewed on an annual basis unless terminated by either party after a notice period of not less than 30 days prior to the next contract date. As at the Latest Practicable Date, our agreement with SGS was valid and subsisting.

The food samples submitted to SGS for testing include cooked food, sources, seasoning, soup and water and ice used in various stages of our food production. In addition, certain raw materials and food ingredients are also submitted for testing. SGS primarily conducts microbiological tests on samples submitted. Testing is generally conducted on a monthly basis. SGS charges a fee for each sample tested. On average, we have paid SGS approximately HK\$46,000 per year during the Track Record Period.

Test reports issued by SGS usually show that the microbiological limit of our samples is at a satisfactory level or an acceptable level. According to the guideline issued by the Centre for Food Safety, Food & Environmental Hygiene Department of Hong Kong, this means the microbiological status of our samples is either at a satisfactory level or an acceptable level for consumption. Since our samples are of satisfactory or acceptable quality, no recommendation for improvement is received from SGS. We believe our collaboration with SGS helps ensure our food quality conforms with standards as adopted by the government from time to time.

During the Track Record Period, there were no deficiencies on our food samples identified during the reviews and inspections.

Organizationally, we have adopted a hygiene standard with respect to the overall cleanliness of our central kitchen.

Logistics Quality Control

We operate the vehicles used to transport the processed foods from our central kitchen to our restaurants in Hong Kong, including, among others, a 10-ton and a 9-ton refrigerated truck. Our quality inspection personnel responsible for supply chain quality control are also responsible for our logistics quality control. For more details about our quality inspection personnel for supply chain quality control, see “Business — Quality Control — Supply Chain Quality Control” in this prospectus. We have formulated strict requirements with respect to the hygiene and temperature of the vehicle storage space we use for transportation. We inspect and record the temperatures of the vehicle storage space upon loading and delivery, to ensure the food in transit is in a controlled environment. Upon delivery of the food to the restaurants, our restaurant staff stores the food at an appropriate temperature and in a suitable storage condition.

We outsource transportation of non-food supplies, such as chopsticks, to a logistics company.

Restaurant Quality Control

We adopt the same quality control standards as that in the central kitchen with respect to (i) inspection of food ingredients and supplies delivered directly from the suppliers or the central warehouse to our restaurants and (ii) food preparation at our restaurants. In terms of inspection of food ingredients and supplies, our restaurant-level staff reports to the procurement department on any deviation or irregularity in the quality of food ingredients and rejects any food ingredients and supplies which do not meet our standard. The procurement department also issues a report on a monthly basis for the Directors' consideration.

In terms of food preparation, we have developed separate manuals laying out operating procedures and quality standards to regulate different aspects of food preparation done at our restaurants, including our kitchen, bakery, beverage booth, noodle booth and hygiene divisions. We require our restaurant staff to strictly adhere to the procedures and standards stipulated in the manuals to ensure the flavor, presentation, quality and hygiene standards of our dishes meet our standards. We implement detailed recipe and cooking procedures for our dishes that may not be altered without proper approval. As a result, our customers can enjoy the same dishes with consistent quality and taste at any of our restaurants. We believe this consistency helps us to retain existing customers and attract new customers by generating customer confidence in our quality control system.

Our restaurants' quality control policies and procedures also include the following:

- *Continuous training programs.* We continuously provide training programs to our restaurant staff on operating procedures and quality standards. Post-training tests are conducted to ensure the effectiveness of the training.
- *Strict adherence to inventory level.* Our restaurants are generally allowed to keep food and supplies inventories for a maximum of two days, which we believe helps ensure the quality and freshness of the dishes.
- *Food safety and hygiene.* We have implemented a hygiene manual for the overall cleanliness of our restaurants. We appoint trained personnel to monitor strict compliance of the manual by our restaurant staff.
- *Dish tasting.* Our dishes are checked by our restaurant-level kitchen staff on a daily basis in terms of appearance, smell, taste, color, viscosity, temperature and portion of the dishes.
- *Spot-check by secret customers.* We have engaged an outside consulting company to set up a team to conduct spot-checks of our restaurants to identify and rectify potential issues with respect to service quality and areas of improvements of our restaurant-level employees.
- *Collection of customer feedback.* We collect customer feedback on the quality of dishes and service level and convey customer opinions to the restaurant. We also record our customer feedback for further improvement.
- *Cooperation of restaurant staff.* Our food quality depends heavily on the conduct of our restaurant staff. Positive feedback from spot-checks and customers are factored into a staff's bonus payment consideration so as to give our staff an incentive to adhere to the highest standards.

INFORMATION TECHNOLOGY

We seek to distinguish ourselves in the restaurant industry in implementing advanced information technology to support our development. To this end, we own a set of management information systems. Our management information systems include the following:

- *Point-of-sale system.* All of our restaurants use a computerized point-of-sale system controlled by our headquarters, which are designed to improve operating efficiency, provide management centralized control over menu items and pricing, collect financial data and reduce restaurant and administrative time and expense. Our table staff use electronic personal data assistants to take orders. The system records each order and forwards the food requests to the restaurant kitchen directly for food preparation. The system reduces errors and enhances time efficiency. The collected data includes date and time of order of meals, location of a customer's seat, quantities of each menu item sold, and cash, smart card and credit card receipts. The collected data is transmitted to our headquarters automatically every night, enabling management to continually monitor operating results and consumer spending patterns at each restaurant. Variances from expectations are analyzed and addressed at regular management meetings. The collected data also enables management to analyze the popularity of our dishes and assists us to react efficiently to changes in consumer preferences.
- *Human resources system.* This system monitors our payroll and calculates all salaries and other associated payments payable to our employees.
- *Accounting system.* This system generates the management accounts of the Group on a monthly basis, including compiling information relating to the profit and loss accounts and the balance sheet.

Notwithstanding our advanced information technology system, we have implemented an emergency operating procedure in the unlikely event of a power breakdown or malfunctioning of any part of the computerized point-of-sale system.

We intend to upgrade our current management information systems by implementing an overall enterprise resource planning system in year ending March 31, 2014.

COMPETITION

The restaurant industry is intensely competitive with respect to food quality and consistency, price-value relationships, ambiance, service, location, supply of quality food ingredients and availability of trained employees. Many restaurants of our competitors compete with us near our locations. 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 ambiance of the facilities.

According to the Frost & Sullivan Report, the total sales value of the *Cha Chaan Teng* sector in Hong Kong amounted to approximately HK\$22.7 billion in 2011. It is expected that chain *Cha Chaan Teng* restaurants in Hong Kong will continue to experience robust growth at a CAGR of 8.5% in terms of sales value from 2012 to 2016. According to the Frost & Sullivan Report, there are only a limited number of branded *Cha Chaan Teng* restaurant chains in Hong Kong. They include, for example, our restaurants, Tai Hing Roast Restaurant, Macau Restaurant and Ngan Lung Restaurant.

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According to the Frost & Sullivan Report, the total sales value of the *Cha Chaan Teng* sector in China amounted to approximately RMB24.8 billion in 2011. It is expected that chain *Cha Chaan Teng* restaurants in China will continue to experience robust growth at a CAGR of 30.7% in terms of sales value from 2012 to 2016. There are also branded *Cha Chaan Teng* restaurant chains in China. They include, for example, our restaurants, Tai Hing Roast Restaurant, Charme Restaurant and Xinwang Restaurant. For details, see “Industry Overview” in this prospectus.

We believe we are competitively positioned based on our operating history of more than 23 years under the control of the Core shareholders, our brand, our standardized operation model under modern corporate management principles and our time-tested signature dishes with wide customer appeal. For the competition we face, see “Risk Factors — Risks Relating to Our Industry — Intense competition in the restaurant industry could prevent us from increasing or sustaining our revenues and profitability” in this prospectus.

EMPLOYEES

We had a total of 1,222, 1,397, 1,739 and 2,181 employees as of March 31, 2010, 2011 and 2012 and June 30, 2012, respectively. The following table sets forth a breakdown of the number of our employees during the Track Record Period:

	As of March 31,			As of
	2010	2011	2012	June 30, 2012
Executive Directors	5	5	5	5
Headquarters staff	24	61	83	88
Restaurant and central kitchen staff	1,193	1,331	1,651	2,088
Total	1,222	1,397	1,739	2,181

Restaurant operations are highly service-oriented. Therefore our success, to a considerable extent, depends upon our ability to attract, motivate and retain a sufficient number of qualified employees, including restaurant managers and staff. We believe high-quality customer services is a key attribute of the success of our restaurants. Employee attrition levels tend to be higher in the food services industry than in other industries. We offer competitive wages and other benefits to our restaurant employees to manage employee attrition. Our staff costs include all salaries and benefits payable to all our employees and staff, including our executive Directors, headquarters staff and central kitchen staff. Our staff costs remained relatively stable during the Track Record Period and represented 27.7%, 27.2%, 25.9% and 28.4% of our revenue in the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. Due to changes in local labor laws and the general upward market trend, the salary level of employees in the restaurant industry in Hong Kong has been generally increasing in recent years. We expect our staff costs to continue to increase as inflationary pressures in Hong Kong continue to drive up wages. We believe the resulting upward pressure on our total labor costs as a percentage of total revenue could be mitigated by (i) increasing operating leverage by increasing the use of central kitchens as our restaurant network expands; (ii) our efforts to control the staff costs at our newly-opened restaurants by managing employee headcount levels before a restaurant achieves target performance level and by prioritizing internal transfers and re-allocations of employees from existing restaurants; (iii) our efforts to increase productivity of our staff by providing various training programs; and (iv) minimizing attrition levels by continuing to implement our various employee retention initiatives in the future to promote employee loyalty and motivate our employees.

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In respect of our restaurants in the PRC, we have made the required contributions to the social security funds for our PRC employees.

During the Track Record Period, we have not received or experienced material labor disputes with our employees.

During the Track Record Period, we recorded approximately 100 work injuries of our employees per year for the three years ended March 31, 2010, 2011 and 2012, respectively, and approximately 30 work injuries of our employees for the three months ended June 30, 2012, based on our internal records. Given our size of operation and number of staff employed during the Track Record Period, we believe the number of work injuries recorded is reasonable. In addition, most of these work injuries were minor injuries relating to, for example, cutting of fingers and twisting of ankle during the course of employment.

We strive to provide a safe working environment to our employees. We have implemented work safety guidelines for all our employees which sets out our work safety policies and promotes safety on work sites. In addition, our kitchen operation manual provides clear guidance on various occupational and restaurant safety matters which our restaurant-level staff are required to follow. Our technicians are required to follow a separate set of work safety guidelines to ensure work safety at every step of any maintenance work. We provide our technicians with safety equipment which they are required to wear to perform any maintenance work. Furthermore, senior technicians must possess the relevant qualifications for the electricity maintenance or installation work performed. Non-compliance with our work safety procedures adversely factored into the staff's bonus payment so as to give our staff an incentive to adhere to safe working procedures. We believe these measures help reduce the number and seriousness of work injuries of our employees and are adequate and effective to prevent serious work injuries.

Training Programs

We have established a human resources department to oversee our employee training. In 2012, we were accredited as a "Manpower Developer" under the Manpower Developer Award Scheme launched by the Employees Retraining Board in Hong Kong. In addition, our training programs have been accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications. The accreditations recognize our accomplishments in manpower development and the standard of training offered to employees.

Our human resources department, in conjunction with an outside human resources consulting company, develops and conducts comprehensive training programs at both the restaurant and senior personnel management levels. At the restaurant management level, there are a series of formulated and staged training modules tailor made for our Company. The consultant also conducts continuous spot checks on an anonymous basis of our employees' service levels at each of our restaurants and provides training and reviews for our operational and restaurant-level managers. We believe our training offerings for more senior employees help us to systematically train our front-line restaurant staff and standardize our operating procedures. At the senior personnel management level, the consultant explores and discusses with senior management the development plans and policies of our Company. We believe this allows senior management to have an objective and professional view of the strategic and overall development of our Company.

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To ensure the quality of our employees at all levels and to secure a stable supply of future generations of management personnel, we have launched a comprehensive training program for our employees. The goal of the training programs is to train our employees and to identify talent, with the aim of providing upward mobility within our Company, fostering employee loyalty and incorporating customized mentoring, coaching and training. We continuously provide tailored trainings and career guidance to our current employees in order to identify promising candidates as future managers.

We believe our training programs also help to promote internal upward mobility, which not only increases employee retention rates, but also produces the type and quality of management personnel needed for our rapidly expanding restaurant network. For example, some of our restaurant waiting staff have risen through the ranks to become restaurant managers through personal diligence and improved capability which we believed have been fostered by our training programs.

Another fundamental objective of our training programs is to provide a sufficient number of well-trained employees for newly opened restaurants. The restaurant manager utilizes his or her skills and know-how to train new restaurant staff. Our human resources department personnel introduces our standards and culture to the new team members.

In China, we intend to establish chef training programs to train our local chefs in preparing dishes so as to maintain food quality and consistency throughout various locations.

Recruiting

Recruiting in the restaurant industry is highly competitive, especially with respect to recruiting of restaurant staff, including waiting staff, cashier and kitchen staff. We believe we are hiring the best available employees in the market by offering competitive wages and benefits, discretionary bonuses, focused training and internal promotion opportunities. We have adopted a variety of initiatives to facilitate recruitment of our staff, such as participating in job fairs, communicating with local employment placement agencies periodically, offering summer jobs to secondary schools and university graduates, and setting up recruiting booths. We believe our continuous efforts will help us attract suitable personnel. For details, see “Risk Factors — Risks Relating to Our Business — Our business could be adversely affected by difficulties in employee recruiting and retention” in this prospectus.

Employee Retention

In an effort to maintain employee loyalty and retention, we have an employee incentive scheme pursuant to which (i) restaurant personnel receive bonuses if the restaurant at which he or she works achieves certain performance targets and (ii) office personnel receive bonuses, the amount of which depends on the number of restaurants achieving performance targets. We implemented this performance based incentive scheme in Hong Kong for all of our Hong Kong staff starting from May 2011 and in the PRC for all of our restaurant staff starting from July 2010. We intend to implement this incentive scheme in the PRC for the rest of our PRC staff in the year ending March 31, 2013. We also provide certain further subsidies to our employees with children meeting certain needs-based criteria. With respect to our PRC operations, we provide residential units for our senior employees in Shanghai who are originally from other provinces or regions. To broaden the vision and knowledge of our PRC employees, we provide exchange opportunities for them to work in Hong Kong or Macau.

In addition to perquisites and benefits, we believe continuous training and open communication to be vital in retaining our employees. To achieve this, we have implemented a number of initiatives, including establishing a new employee orientation program to instill our

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corporate values and culture in the new employees, conducting employee training programs to improve their job skills and help with their career advancement, providing management training programs on employee retention, encouraging internal communication by conducting annual employee surveys, promoting open-door policy within our organization, organizing periodic employee focus groups at each restaurant by bringing together a small group of employees to discuss issues and concerns in the work place and conducting exit interviews to obtain candid feedback about the concerns, dissatisfactions and suggestions for improvement of our organization. For details, see “Risk Factors — Risks Relating to Our Business — Our business could be adversely affected by difficulties in employee recruiting and retention” in this prospectus.

In addition, we have adopted the Pre-IPO Share Option Scheme and conditionally adopted the Share Option Scheme. The purpose of the Pre-IPO Share Option Scheme and Share Option Scheme is to enable us to grant options to the participants in recognition of their contributions made or to be made to the Group. For more details, see “E. Share option schemes — Pre-IPO Share Option Scheme” and “Share Option Scheme” in Appendix IV to this prospectus.

HONORS AND AWARDS

Our achievements over the years have been recognized by numerous awards, including the following:

<u>Award</u>	<u>Year(s)</u>	<u>Issuer of Award</u>
King of Catering Award (飲食天王微博聯頒大獎)	2012	King of Catering (飲食天王)
China Hotel Golden Horse Award Most Satisfying China Catering Restaurant (中國飯店金馬獎最佳消費者滿意中國餐飲名店) . .	2012	China Hotel Leader Summit Committee (中國飯店業年會組織委員會)
China's Top Ten Chain Restaurant Brand (中國十大馳名餐飲連鎖品牌)	2012	China Hotel Leader Summit Committee (中國飯店業年會組織委員會)
Shanghai Special Dishes (in respect of the Hong Kong style milk tea and crispy bun served with sweet condensed milk) (上海名特菜點)	2012	Shanghai Catering Industry Association (上海市餐飲烹飪行業協會)
Best Restaurant Award — Cha Chaan Teng sector (最優秀開飯港式茶餐廳得獎熱店)	2012	Openrice (開飯)
China Hotel Golden Horse Award Best China Store Catering Brand (中國飯店金馬獎中國最佳餐飲連鎖品牌).	2010	China Hotel Leader Summit Committee (中國飯店業年會組織委員會)
International Tourist's Most Popular China Catering Brand (國際遊客最喜愛的中國餐飲品牌)	2009	China Hotel Leader Summit Committee (中國飯店業年會組織委員會)










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Award	Year(s)	Issuer of Award
Permanent Honourable Gold Award of the “PRC Consumer’s Most Favorable Hong Kong Brands Campaign” (全國消費者最喜愛《香港名牌》— 永久性榮譽金獎單位)	2009	China Enterprise Reputation and Credibility Association (Overseas) Limited (中華海外企業信譽協會)
Favourite Food Award — My Most Favorable Cha Chaan Teng (我最喜愛食肆 — 茶餐廳).	2009–2012	U Magazine
China Famous Restaurant Platinum Prize (中國餐飲名店白金獎)	2008	China Hotel Leader Summit Committee (中國飯店業年會組織委員會)
Recognised as one of the “Top Ten Guangdong, Hong Kong and Macau Restaurant Brands” (粵港澳十佳餐飲品牌)	2006	China Hotel Association (中國飯店協會)

Eight of our restaurants in Hong Kong were certified by the Hong Kong 5-S Association (香港五常法協會) for achieving a set of field management standards in safety, hygiene, quality, proficiency and image in 2012.



INTELLECTUAL PROPERTY

We currently operate our restaurants under our core brand, Tsui Wah, and our sub-brands “*Tsui Wah Concept* (翠華 Concept)” and “*Tsui Wah EATery*”. We intend to operate our new catering service under a new brand, “Supreme Catering”. We have registered, and have applied for registration of, a variety of Tsui Wah-related trademarks, including, among others, trademarks incorporating “Tsui Wah” or “翠華” in various jurisdictions, including without limitation, Hong Kong and the PRC. We take active steps to protect our trademarks and other intellectual property rights. Our chief financial officer and our chief operation officer is responsible for the management and control of our intellectual property rights in Hong Kong and the PRC, respectively. We have also engaged a legal advisor to advise on our intellectual property rights registration and renewal matters. In regions where we have a presence or we are considering expanding into, we will conduct studies to ascertain whether there are any infringing acts in those areas. When we identify any infringing acts, we will consider appropriate actions. Our Directors are of the view that our existing policy and procedures are adequate to protect our intellectual property rights.



Our Tsui Wah restaurants have been using the logo “ 翠華餐廳” in Hong Kong and China, while our “*Tsui Wah EATery*” operates under the “ ” logo. We intend to use the logo “ ” for our catering service and the logo “ ” in connection with certain food products of our Group. We have applied for the trademark registration of our “ ” in both Hong Kong and the PRC and our 翠華, 翠华 and  and an additional class for the “ 翠華餐廳” logo in the PRC. The registration process is currently expected to be completed after the Listing. Given that (i) we are the registered owner of the “ 翠華餐廳” logo; and (ii) our “ ” is only used for one of our restaurants and in connection with certain food products, our Directors are of the view that any failure in the registration of the same is not likely to have significant impact on our business operations. As at the Latest Practicable Date, all relevant marks with respect to our business operations in Hong Kong, Macau and the PRC had been duly registered or applied for registration.

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Our other intellectual property consists primarily of intellectual property rights with respect to the management information systems, proprietary know-how and secret recipes. We have implemented a set of internal intellectual property management rules in our employees' manual. The use of our central kitchen also enables us to preserve our secret recipes by disclosing it to a minimum number of staff on a "need-to-know" basis. Our employment contracts with employees and the employees' manual also contain confidentiality provisions with respect to handling of our confidential information.

During the Track Record Period, no material claims or disputes were brought against us in relation to any infringement of trademarks, patents or other intellectual property. Acts that we believe infringe our intellectual property rights occur from time to time. For example, we are aware that there are certain restaurants operating under the "Tsui Wah (翠華)" brand in certain regions in the PRC. We are advised by our PRC legal advisers that our  翠華餐廳 and  翠華集團 logos which have been duly registered as trademarks with the SAIC in the PRC since August 2004 and February 2011, respectively, provide sufficient protection to all uses in relation to our current business operations in the PRC and our Group has not encountered any deficiencies in the registration of our intellectual property rights. During the respective validity period of our registered trademarks, our Group is entitled to the exclusive use of our registered trademarks and no third party is allowed to provide identical or similar services as our Group under the same or similar trademarks. As advised by our PRC legal advisers, we may obtain and enforce administrative orders requiring infringing parties to cease their unauthorized use by instituting litigation, arbitration or other proceedings to enforce our intellectual property rights. We are evaluating our options and optimum strategies. When making decisions on whether or not to carry out enforcement actions, our Directors will take into account factors such as our strategic business plan, relevant costs and benefits of such actions. Negative publicity or customer disputes and complaints regarding any infringing parties' unauthorized use of our or similar trademark, brand and logo could dilute or tarnish our restaurants' brand appeal, which could materially reduce our sales, profitability and prospects even if we are able to successfully enforce our rights. See "Risk Factors — Risks Relating to Our Business — We may not be able to adequately protect our intellectual property, which, in turn, could harm the value of our brands and adversely affect our business" of this prospectus.

We are further advised by our PRC legal advisers that any non-enforcement in the PRC would not constrain any future action to enforce our intellectual property rights. According to the "Interpretation of the Supreme People's Court on Certain Issues Concerning the Application of Law in the Trial of Civil Cases Involving Trademark Disputes", the time for filing a lawsuit against infringement of the exclusive right to use a registered trademark shall either be two years, commencing from the date on which the registrant of the trademark or an interested right owner becomes aware of or should be aware of the infringement, or if the time when the trademark registrant or the interested right owner files such a lawsuit is beyond the said two-year period, and the infringement continues to exist at the time when the lawsuit is filed, the PRC court shall, within the validity term of the exclusive right to use that registered trademark, order the infringing party to cease the infringement, in which case the commencement year for calculating the compensation sum for the damage caused by the infringement shall be two years prior to the filing of the lawsuit by the right owner with the PRC court.

In order to strengthen the protection on our intellectual property rights in the PRC, we have also applied for the registration of the trademarks "翠華", 翠華, 翠华 and  and an additional class for the  翠華餐廳 logo in the PRC, and our Directors currently expect that the registration process will be completed after the Listing. Our Directors confirm that, throughout the operating history of our Group, we have not encountered any occasion of failure to register any trademark in the PRC.

For further details of our intellectual property rights, see Appendix IV to this prospectus.

PROPERTIES**Overview of property interests**

Other than a small warehouse in Hong Kong, we do not own any properties and we lease all of our restaurant sites, central kitchen and office premises from third parties. We believe this leasing strategy reduces our capital investment requirements significantly. The small warehouse we own in Hong Kong is approximately 350 square feet. It is located between two nearby restaurants in Hong Kong and is used to store dried inventories for those two restaurants. Currently, we do not intend to acquire any properties for our restaurant sites in the future. Our property rentals and related expenses in relation to the properties leased for our restaurants, central kitchen and office premises were HK\$45.7 million, HK\$75.0 million, HK\$96.2 million and HK\$30.5 million for the three years ended March 31, 2012 and the three months ended June 30, 2012, respectively.

Our leases typically have a term of two to ten years and a rent-free period ranging from one to eight months at the beginning of the lease term. Most of our current restaurant leases have expiration dates ranging from 2013 to 2016. Five of our leases, all of which relate to our restaurants in Hong Kong, have expiry dates in 2012. As at the Latest Practicable Date, we have successfully renewed all of our leases.

Properties Leased in Hong Kong

As at the Latest Practicable Date, we leased 36 properties in Hong Kong, 21 of which were for restaurants which were in operation. The aggregate gross floor area of these restaurant sites was approximately 70,000 square feet.

Properties Leased in the PRC

As at the Latest Practicable Date, we leased 11 properties in the PRC with an aggregate gross floor area of approximately 70,790 square feet, in which the total gross floor area of the premises for restaurants amounted to approximately 61,890 square feet. Certain of our lease agreements have not been duly registered with the relevant PRC authorities. See “Risk Factors — Risks Relating to Our Business — Our leased premises in the PRC are subject to certain specific risks” in this prospectus.

Our PRC legal adviser has advised us that we may be subject to a maximum penalty of RMB10,000 for each failure to register a relevant lease agreement with the relevant land and real estate administration bureau. As at the Latest Practicable Date, the operation of our restaurants located at the aforesaid properties had not been disrupted due to the failure of the registration of the relevant lease agreement. Given the relatively insignificant amount of such penalties, our Directors believe that it would not have any material adverse effect on our Group’s financial condition and results of operations.

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We have in place the following control measures to identify appropriate properties to lease and ensure that the relevant legal formalities and registrations are complied with prior to taking up such leases in the PRC:

Matters	Control measures
Overseeing the process	We have designated our chief operation officer, Mr. LAW Cho Yan, to monitor the compliance status of our new restaurants. See “Directors and Senior Management — Senior Management” for his biographical details. Mr. Law reports to Mr. Lock, our chief executive officer, on a periodic basis. We have established the project management department comprising of three members, who is responsible for handling and monitoring the whole process of developing a new restaurant in the PRC. Our project management department reports to Mr. Law on a regular basis.
Selection of restaurants’ premises	Our Directors and senior management are responsible for conducting site visits and making commercial negotiations and decisions in relation to the selection of the premises of our restaurants in the PRC.
Land use of our target restaurant premises	We will apply to the PRC Institute of Food Safety Control and Inspection for an inspection on our target restaurant premises. Inspectors will provide a confirmation on whether the target restaurant premises is suitable for restaurant operations.
Water and electrical-related safety matters	Upon receipt of the confirmation from the PRC Institute of Food Safety Control and Inspection, our project management department will conduct preliminary check on water and electrical-related safety matters on the target restaurant premises. We will also engage independent PRC qualified engineers to supervise all water and electrical-related safety matters to ensure compliance with the relevant laws and regulations.
Structural safety of our target restaurant premises	We will engage independent contractors and engineers to ensure that the building or structural works located at our targeted premises are in compliance with the relevant laws and regulations.
Title and ownership of our target restaurant premises	Our project management department will check the title ownership certificate, land use right certificate and other documents evidencing right to lease the relevant property. We will also engage external PRC legal advisers to perform due diligence in relation to the title and ownership of our target restaurant premises to ensure that there is no material title defects or encumbrances on our target restaurant premises.

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Matters	Control measures
Application for all necessary licenses, permits and approvals	Our external PRC legal advisers will be responsible for the application for all necessary licenses, permits and approvals for the business operations of our restaurant.
Registration of the lease agreement	Our project management department will be responsible for liaising with the relevant lessor for the due registration of the lease agreement.
Lease agreement	We will endeavor to require our lessors to warrant in the lease agreement that they possess the legal right to lease the premises and undertake to register the lease agreements with the relevant authorities. We will look for alternative properties with comparable commercial value if a potential lessor refuses to give such warranty and undertaking in the relevant lease agreement.

INSURANCE

Our Directors consider our insurance coverage to be customary for businesses of our size and type and in line with the standard commercial practice in the jurisdictions where we have operations.

In Hong Kong, we primarily maintain (i) insurance for employee's compensation for injuries or death in the course of employment, (ii) money insurance for loss of cash in transit or our business premises and (iii) public liability insurance to cover ourselves against, among other things, claims of food and drink poisoning by our customers, claims in respect of bodily injury by any person or loss of or damage to property by us, and claims in respect of fire or other damages to the restaurant sites leased by us.

In the PRC, we maintain (i) public liability insurance to cover liability for damages arising out of our business operations for all of our restaurants in the PRC including, among other things, claims of food and drink poisoning by our customers, (ii) money insurance for loss of cash in transit or at our business premises, (iii) property insurance covering all risks for our restaurants to protect our business from natural disasters and other unfortunate events, and (iv) machinery insurance covering loss caused by damage of machineries and equipments used in our PRC restaurants. We believe that we are covered by adequate property and liability policies with coverage features and insured limits that we believe are customary for similar companies in the PRC. However, our insurance coverage may not be adequate to cover all losses that may occur. See "Risk Factors — Risks Relating to Our Business — Our insurance policies may not provide adequate coverage for all claims associated with our business operations" of this prospectus.

In Macau, we maintain public liability insurance to cover ourselves against, among other things, claims of food and drink poisoning by our customers and claims in respect of bodily injury by any person or loss of or damage to property.

LEGAL AND REGULATORY COMPLIANCE

As at the Latest Practicable Date, save as disclosed below in the paragraphs headed “Non-compliance of our Group during the Track Record Period”, we have been in compliance in all material aspects with the applicable laws and regulations in all jurisdictions where we operate business and have obtained all necessary approvals, permits license, approvals and certificates that are material to our business operations from the relevant government authorities.

Hong Kong Regulatory Compliance

Overview

Certain licenses are required to be obtained and maintained for the operation of our restaurants and central kitchen located in Hong Kong, which include (i) food business license, including the general restaurant license, food factory license and bakery license, issued by the Food and Environmental Hygiene Department, (ii) water pollution control license issued by the Environmental Protection Department and (iii) liquor license issued by the Liquor Licencing Board. Food business licenses are generally granted for a term of one year and are subject to annual renewal. A water pollution control license is generally granted for a period of not less than two years and is renewable. A liquor license is usually granted for a valid period of one year or less and is subject to renewal.

As of the Latest Practicable Date, we owned and operated 21 restaurants in Hong Kong. Save as disclosed below in the paragraphs headed “Non-compliance of our Group during the Track Record Period”, we have obtained (i) the food business licenses and water pollution control licenses required for all of our restaurants in Hong Kong (*Note 1*); and (ii) liquor license in respect of each of our restaurants on whose premises we sell alcoholic beverages.

Licenses for our Group’s operations in Hong Kong

We are required to obtain food business licenses for our operations located in Hong Kong, which primarily includes a restaurant license for our restaurant operations, a food factory license for our central kitchen and a bakery license for our bakery operation, all of which are issued by the Food and Environmental Hygiene Department (“FEHD”) and a water pollution control license issued by the Environmental Protection Department. We also need to obtain liquor licenses for our restaurants where alcoholic beverages are sold. The food business licenses, the water pollution control licenses and the liquor licenses are all location specific. Save as disclosed below in the paragraphs headed “Non-compliance of our Group during the Track Record Period”, as at the Latest Practicable Date, we had obtained the restaurant licenses, food factory license, bakery license and water pollution control licenses of all of our operations in Hong Kong. We have also obtained liquor licenses for all of our restaurants where alcoholic

Note 1: Of the restaurant licenses and bakery licenses issued in respect of our restaurants in Hong Kong, six restaurant licenses and two bakery licenses were issued to and are held by individuals, being our Controlling Shareholders, executive Directors and employees, instead of members of our Group.

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beverages are served. The following table sets forth the remaining validity period of the material licenses for our operating restaurants in Hong Kong as of the Latest Practicable Date. We will apply to renew the relevant licenses in due course.

Types of license	Remaining validity period of the license	
	Within one year	More than one year
	(number)	
Restaurant license (<i>Note 1</i>)	21	Nil
Food factory license (<i>Note 2</i>)	3	Nil
Bakery license (<i>Note 3</i>)	3	Nil
Water pollution control license (<i>Note 4</i>)	3	18
Liquor license (<i>Note 5</i>)	8	Nil

Notes:

1. Of the restaurant licenses issued in respect of our restaurants in Hong Kong, six restaurant licenses were issued to and are held by individuals, being our Controlling Shareholders, executive Directors and employees, instead of members of our Group. The restaurant licenses are issued in respect of our 20 restaurants and our catering services center, under the brand "Supreme Catering". A restaurant license is not required for our restaurant at the Hong Kong International Airport, which is operated under the "Tsui Wah EATery" sub-brand.
2. Of the three food factory licenses, one license is issued to our current central kitchen, one license is issued to our restaurant at the Hong Kong International Airport, which is operated under the "Tsui Wah EATery" sub-brand, where such license is needed as the consumption of food mainly takes place outside the designated premises of our restaurant and one license is issued to our food factory serving our catering services center.
3. Of the bakery licenses issued in respect of our restaurants in Hong Kong, two bakery licenses were issued to and are held by individuals, being our Controlling Shareholders, executive Directors and employees, instead of members of our Group.
4. Water pollution control license is required for the central kitchen, our catering services center and all of our restaurants, except for our restaurants at the Hong Kong International Airport.
5. Liquor license is only required for our restaurants where alcoholic beverages are served.

To ensure that we would be able to timely obtain all necessary licenses for our operations in Hong Kong, we have assigned a member of our management to keep track of the expiry dates of all relevant licenses and apply for timely renewal. We will carry out our activities only when the relevant licenses and/or permits have been obtained or renewed.

Restaurant and/or bakery license(s) of six of our restaurants

Each of our restaurants in Hong Kong requires the relevant food business license(s) (including restaurant and bakery licenses) from the FEHD to operate. For details, see "Laws and Regulations — Regulatory Framework" in this prospectus.

Background

Historically before mid-2005, in respect of six of our earliest restaurants (the "Six Food Business License-related Restaurants"), we requested certain individuals, whom the Group trusted as reliable and long-serving personnel, to apply for the relevant food business licenses on behalf of our Group. The relevant licenses of three of these Six Food Business License-related Restaurants are held by three of our founders who are currently our Controlling Shareholders and executive Directors. The relevant licenses of the other three of these Six Food Business License-related Restaurants are held by (i) a former owner of one of our Tsui Wah restaurants who has been our employee for 22 years; (ii) a former minority shareholder of two of our Group subsidiaries who has been our employee for 16 years and (iii) an employee who has been working for our Group for 14 years. For details, see "Risk Factors — Restaurant and bakery licenses of some of our restaurants in Hong Kong are held by our Controlling Shareholders, Directors and employees" in this prospectus.

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Our Directors utilized such arrangements for administrative convenience. If the applicant was a corporation, the FEHD would require the filing of a number of corporate documents, including certificate of incorporation, annual returns, business registration certificate and relevant board resolutions. If the applicant was an individual, the submission of such corporate documents to the FEHD would not be required. Based on the extensive experience of our Directors in the restaurant industry and our verbal consultation with the FEHD, our Directors confirmed that such arrangements are common industry practice and acceptable to the FEHD.

In addition, we have successfully renewed the relevant food business licenses every year since the relevant individuals first obtained such licenses and have not experienced any license-related disputes arising from such arrangement in the past. As the relevant license holders are our Controlling Shareholder, executive Directors or long-serving employees of our Group, our Directors believe that it is very unlikely for these license holders to leave our Group in the foreseeable future. These individuals have been holding the relevant licences for nil consideration on behalf of our Group and no costs have been incurred related thereto during the Track Record Period. Our Hong Kong legal advisers have also confirmed that the current arrangements of these Six Restaurants were acceptable arrangements to the FEHD.

License agreements

In addition, our Group has entered into license agreements for nil consideration with each of the relevant license holders which provide that, among other things, the license holder (i) will use his best endeavour to maintain the food business license(s); (ii) will refrain from doing anything which may result in the revocation of the food business license(s); (iii) acknowledges that our relevant operational Group subsidiary is the sole operation operator of the relevant restaurant; (iv) waives any right to claim any profit or asset in the relevant restaurant; (v) undertakes to transfer the relevant food business license(s) upon request by our Group; and (vi) acknowledges our Group shall be responsible for any liability incurred during the operation of the relevant restaurant. Under the license agreements, our Group is entitled to use or transfer the relevant license(s) and the license holders do not have the option to refuse such use or transfer. Any refusal for such use or transfer will amount to a breach of the license agreement. We currently intend to transfer the relevant food business license to our Group. See “Business — Transfer of food business license of the six restaurants” in this prospectus for further details.

Deed of Indemnity

Our Group has also established an administration team to monitor the renewal of the food business licenses of our restaurants before its/their expiration. Further, our Controlling Shareholders, collectively as indemnifiers, have entered into the Deed of Indemnity in favour of our Company, whereby they jointly and severally covenant and undertake with our Company to indemnify our Group from and against losses, liabilities, damages, costs, claims and expenses incurred by our Group in relation to any non-compliance with the requirements to obtain all relevant licences, approvals, permits and certificates for conducting a business which arise at any time prior to the Listing Date. Further details of the Deed of Indemnity are set out in “G. Other Information — 2. Indemnities” given by the Controlling Shareholders in Appendix IV to this prospectus.

Transfer of food business licenses of the six restaurants

Our Directors confirm that the current arrangements are acceptable arrangements to the FEHD as well as agreed commercial arrangements between the relevant licensees and our Group. Nevertheless, in order to minimize our Group’s business risk where the relevant licensees become unable to hold the relevant food business licenses, our Directors have

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decided to commence the transfer process of the relevant licenses from these individuals to our Group. We became aware that the 2006 Policies, which is applicable to the transfer process, during the course of preparing for our Listing.

The 2006 Policies apply to (i) new applications for food business licenses received on or after April 18, 2006; (ii) change of license applications on or after April 18, 2006 for existing license applications received before April 18, 2006; and (iii) transfer of food business licenses on or after April 18, 2006.

The 2006 Policies introduced the following three new licensing policies:

- (a) premises where food is being prepared, stored or served such as restaurants, factory canteens, cold stores, food factories, fresh provision shops and bakeries are to be free from unauthorized building works as defined under section 14 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong);
- (b) premises on which a proposed food business such as restaurants, factory canteens, cold stores, food factories, bakeries, frozen confection factories, fresh provision shops, siu mei and lo mei shops and milk factories be in compliance with all government lease conditions; and
- (c) the proposed food business is in compliance with the zoning restrictions in the statutory plan (i.e. plans prepared and published by the Town Planning Board under the Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong)) in respect of all food business licenses including restaurant, factory canteen, cold store, food factory, bakery, frozen confection factory, fresh provision shop, siu mei and lo mei shop and milk factory licenses.

The documents required for the transfer of food business licenses include (i) a formal application form; (ii) a declaration that the operation of the food business at the relevant premises is in compliance with government lease conditions; (iii) relevant corporate documents of the proposed transferee if it is a corporation; and (iv) a certification that the concerned premises is free of unauthorized building works as described under section 14 of the Buildings Ordinance. As at the Latest Practicable Date, the first three documents have already been submitted to the FEHD regarding five of the Six Food Business License-related Restaurants. We have engaged professional consultants to assist and review the transfer process, including, among others, inspection of the relevant premises for the purpose of issuance of the certification as described in (iv) above. If any unauthorized building work has been identified in the inspection process by the professional consultants, our Group will use its best endeavour to carry out the required rectification works in a controlled pace to minimize disruptions to the restaurants operation. Depending on the complexity of the required rectification works, our Directors currently expect that the completion time for such rectification works in each of the Six Food Business License-related Restaurants will range from four to six months starting from the commencement of such rectification works. Upon such rectification works being completed to the satisfaction of our professional consultants, the relevant certification will be submitted to the FEHD and the FEHD will then arrange the relevant regulatory bodies to conduct inspections on the relevant premises.

Our Hong Kong legal advisers have advised us that assuming there is no change on the 2006 Policies, there is no legal impediment for such transfer subject to the conditions that the premises of these Six Food Business License-related Restaurants are (i) free from unauthorized building works as defined under section 14 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong); (ii) in compliance with government lease conditions and (iii) in compliance with the zoning restrictions under the statutory plans. Upon consulting our professional consultants,

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our Directors understand that the transfer of food business licenses will usually be effected in approximately two months' time after the date of the submission of the relevant certifications that the concerned premises are free of unauthorized building works.

In respect of one of these Six Food Business License-related Restaurants, we have received a summons alleging that our business operations in the expanded restaurant (the "Expanded Restaurant") has been conducted without the proper restaurant license, in contravention of section 34C of the Food Business Regulations (Chapter 132X of the Laws of Hong Kong).

Originally, the Expanded Restaurant commenced business in February 2006, and a proper restaurant licence was granted by the FEHD and has been successfully renewed annually. In early 2011, our Directors decided to merge the original premises of the Expanded Restaurant with the adjacent premises. We applied to the FEHD for an amendment of our existing license to cover both our original premises and the expanded area of the Expanded Restaurant and have not received any objection notice, letter or document from the FEHD since submitting our application. We proceeded with the business operation on the basis that no objection or concern had been raised by the FEHD.

On August 25, 2012, the Hong Kong Magistrates Court issued a summons to the license holder of the Expanded Restaurant, alleging that the business operations of the expanded area in this restaurant may have not been properly licensed under the Food Business Regulations (Chapter 132X of the Laws of Hong Kong). Subsequent to our receipt of the summons, we received a notice from the FEHD dated September 21, 2012, stating the same allegations as prescribed in the summons. A court hearing at the magistrate level was held on September 27, 2012, at which we disputed the allegations raised in the summons. The court has not reached any conclusion and this matter pending the next hearing, which is currently scheduled on January 29, 2013. As at the Latest Practicable Date, no decision or order of any court had been made against the licence holder in relation to the summons. However, according to the notice from the FEHD, if we are found to be guilty of the offense, we may be subject to a deduction of up to an aggregate of 60 points in the demerit points system and therefore potentially a suspension for seven days. For details of the demerit points system, see "Laws and Regulations — Demerit points system" in this prospectus.

Our Directors confirm that the plan to transfer the food business licence of the Expanded Restaurant from the individual license holder to the relevant member of our Group will continue and such application will cover both the original premises and expanded area. The relevant application has already been submitted in July, 2012 and the application is still in process. In the event a court decision or order were made against our Group and a 60-point deduction was imposed before the completion of the transfer of the relevant restaurant license, the operation of the Expanded Restaurant may be temporarily suspended for seven days. The revenue and profit attributable to the Expanded Restaurant for the three years ended March 31, 2010, 2011 and 2012 and for the three months ended June 30, 2012 as compared with our Group's total revenue and profit after tax during the same periods was 6%, 5%, 4% and 3% and 9%, 2%, 2% and 2%, respectively. Our Directors are of the view that any temporary suspension of the restaurant license of the Expanded Restaurant would not have a material impact to our Group's results of operations. We will update our Shareholders on the progress of the transfer of relevant food business license in our annual and interim reports upon the Listing.

Non-compliance of our Group during the Track Record Period

Some of our subsidiaries incorporated in Hong Kong have on various occasions not complied with certain statutory requirements as described below. Upon identification of instances of non-compliance, we have taken corresponding steps to remedy the non-compliance.

Food and Health-related Non-compliance Matters

During the Track Record Period, due to unintended and inadvertent omission of certain procedures in the food preparation process, there were three isolated incidents of non-compliance with the Food Business Regulation (Chapter 132X of the Laws of Hong Kong) where our food was contaminated by small foreign substances, such as paint debris and insects, for which we were fined for an aggregate amount of approximately HK\$6,000. Those three incidents did not cause any personal injury, and thus no compensation has been claimed or paid. As the amount of the fines were insignificant, our Directors believe that the financial impact of such non-compliance matters is immaterial to our Group.

The relevant dishes in the isolated incidents were immediately replaced to the satisfaction of the relevant customers. Further, the Company has also implemented the “5-S” management system to enhance the standards of the entire operational process, including sourcing and processing of food ingredients and maintaining hygiene standards in an effort to minimize the chances that such incidents will occur again.

We have established a food safety committee to supervise our quality control system with respect to food safety issues across our restaurants. Our food safety committee is primarily responsible for, among other things, (i) formulating internal policies and guidelines for food safety issues and (ii) supervising and coordinating the food safety controls across our supply chain, central kitchens, logistics and restaurants. For details, see “— Internal Control Measures” in this section below.

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Building Orders-related Non-compliance Matters

As at the Latest Practicable Date, there were eight unreleased building orders issued by the Building Authority against our Group pursuant to section 24 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) (“Buildings Ordinance”) in relation to signboards erected on our restaurant premises (the “Building Orders”). According to the Building Orders, these signboards, each showing information relating to our restaurants such as our names and logo, were erected without having first obtained from the Building Authority the approval of building plans and commencement of such building works as required by section 14 of the Buildings Ordinance. Our Group was required to carry out rectification works in relation to these eight signboards in accordance with the plans approved by the Building Authority (the “Rectifying Works”). The table below summarizes the eight Building Orders which were issued to our Group:

Relevant Group company	Relevant restaurant	Date of issue	Deadline for completion of rectification work	Commencement date of the Rectifying Works	Completion date of the Rectifying Works	Date of applications for release of the relevant Building Order
Famous China . . .	Central Tsui Wah restaurant	February 22, 2006	April 23, 2006	August 2012	October 2012	October 2012
Senfield	Central Tsui Wah restaurant	March 24, 2011	May 22, 2011	August 2012	August 2012	August 2012
Sky Oasis	Pak Hoi Street Tsui Wah restaurant	April 1, 2008	May 31, 2008	August 2012	September 2012	October 2012
TW Restaurant Holding	Causeway Bay (Jaffe Road) Tsui Wah restaurant	August 20, 2008	September 19, 2008	August 2012	September 2012	October 2012
Royal Gold	Aberdeen Tsui Wah restaurant	January 27, 2011	February 26, 2011	August 2012	October 2012	October 2012
Win Idea	San Po Kong Tsui Wah restaurant	April 16, 2010	May 16, 2010	August 2012	September 2012	October 2012
Tsui Wah Restaurant (Note 1)	Tsim Sha Tsui Tsui Wah restaurant	August 22, 2011	October 21, 2011	August 2012	September 2012	October 2012
Happy Oasis (Note 2)	Tsuen Wan Shiu Wo Street Tsui Wah Restaurant	September 14, 2012	November 12, 2012	September 2012	October 2012	October 2012

Note 1: This Building Order was issued to “Tsui Wah Restaurant (翠華餐廳)” and it did not specify with particularity which Group company the Building Order was issued against.

Note 2: This Building Order was issued to us on September 14, 2012. The required rectification works have been completed in October 2012 prior to the deadline for completion of the same as specified in this Building Order and an application has been submitted for the release thereof. Accordingly, we are not liable for any penalty for this Building Order under the Buildings Ordinance.

As at the Latest Practicable Date, all Rectifying Works undertaken by our Group had been completed and applications had been submitted for the release of all Building Orders. We have carried out the necessary steps to rectify the situation and to comply with the relevant Building Orders. There was a time lapse between the date of issue of the Building Orders and the commencement of the Rectifying Works as we sought professional advice from an Authorized Person who had previously assisted our Group in minor construction works, such as water and electricity construction works, prior to 2006 and represented our Group in liaising with, and appealing to, the Building Authority in relation to the Building Orders upon the receipt of the first Building Order in February 2006. Subsequently, in preparation of our Listing, our Directors decided to further appoint a consultancy firm in April 2012 to advise us on the appropriate actions to be taken in order to speed up the process of obtaining a clearance from the Building Authority. Demolition work for the relevant signboards commenced soon after such appointment.

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As at the Latest Practicable Date, Rectifying Works for all signboards against which Building Orders had been issued have been carried out. As the carrying out of such Rectifying Works of the relevant signboards did not involve any full or partial closure of our restaurant operations, our Directors consider that the actual or possible impact on our Group's business is immaterial. Our Group has applied to the Building Authority for the release of the relevant building orders and our Directors understand that if the Building Authority accepts the Rectifying Works in its inspection to be carried out, such Building Orders will be released. As of September 2012, all appeals against the Building Orders had been withdrawn by our Group as a means to expedite the process of carrying out the Rectifying Works and having the Building Orders released. Our Hong Kong legal advisers have confirmed that upon completion of the Rectifying Works, there is no legal impediment for the release of the relevant Building Orders.

As at the Latest Practicable Date, our Directors confirm that all Rectifying Works have been completed and we have been advised by our Hong Kong legal advisers that, upon the issuance of the releases to the respective building orders by the Building Authority, the non-compliance matters with the Buildings Ordinance will be rectified.

Pursuant to section 40(1BA) of the Buildings Ordinance, any person that, without reasonable excuse, fails to comply with a building order served on him under section 24(1) of the Buildings Ordinance is liable to a maximum fixed fine of HK\$200,000, a maximum daily fine of HK\$20,000 per day and imprisonment for one year in maximum. To ascertain the likelihood of such maximum penalty being imposed on our Group, we have:

- (i) made verbal enquiries with the Buildings Department, on the basis of which our Directors have concluded that the likelihood of the maximum penalty to be imposed retrospectively after the Rectifying Works have been completed and the Building Orders have been lifted is low; and
- (ii) engaged a barrister (the "Counsel") with sufficient standing and substantial experience in handling land-related cases as a special counsel to our Company, who is of the opinion that:
 - (a) the required Rectifying Works for the Building Order served against Happy Oasis on September 14, 2012 have been completed before the deadline for complying with the said Building Order. As such, there is no criminal liability arising from it under the Buildings Ordinance;
 - (b) as a matter of practice, criminal sanctions are not ordinarily levied by the Buildings Department against a building owner who is in the course of removing the signboards. Given our Group has removed all relevant signboards as at the Latest Practicable Date, the chance of the Buildings Department levying charges against the Group is very remote;
 - (c) there are no reported cases wherein the Buildings Department charged owners under the Buildings Ordinance after the relevant building order has been complied with, albeit out of time; and
 - (d) in the unlikely scenario that charges are levied against our Group for the Building Orders, the penalty for each charge based on reported cases is likely to be a fixed fine of not more than HK\$10,000 and a daily fine of not more than HK\$100 per day. Based on the Counsel's opinion, our Directors are of the view that the potential penalties, if levied on our Group, with respect to the Building Orders would not exceed approximately HK\$860,000.

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Our Directors therefore are of the view that the likelihood of the maximum penalty under the Buildings Ordinance being imposed on the Group retrospectively after the Rectifying Works have been completed and the Building Orders have been lifted is low. Our Directors believe that the penalty, if any, will not be substantial and the financial impact to our Group is considered immaterial.

Pursuant to section 40(6) of the Buildings Ordinance, if our Group is found guilty and liable on conviction, the directors, managers or other officers (the "Officers") of the relevant subsidiaries concerned in their management who are in actual control of their operations at the relevant time may also be held liable. The Counsel has considered the applicability of this provision and is of the view that any fines imposed for the Building Orders should be split among and shared by our Group and the Officers. We have been advised that in any event, any fines which might be imposed on the Officers will not be additional to those imposed on our Group. The Counsel is also of the view that the chance of imprisonment of the Officers is very remote.

Our Directors are aware that there are 12 building orders issued under section 24 of the Buildings Ordinance against the relevant landlord(s) of the premises where six of our restaurants are located (the "Six Building Order-related Restaurants"). These 12 building orders were issued against the relevant landlord(s) and therefore, our Group was not in possession of all the material information regarding these building orders. To the best of our Directors' knowledge, six of these 12 building orders concerned building structures which were erected by our Group in relation to three of the Six Building Order-related Restaurants, and the remaining six building orders concerned building structures which were not erected by our Group in relation to the other three of the Six Building Order-related Restaurants.

With regard to the six building orders concerning building structures which were erected by our Group, we have already engaged professional consultants to conduct the required inspections at the relevant premises and if any unauthorized building works has been identified, our Group will arrive at a mutual understanding with the relevant landlords and will carry out the required rectification works in a controlled pace. Depending on the complexity of the required rectification works, our Directors currently expect that the completion time for such rectification works in each of these three restaurants will range from four to six months starting from the commencement of such rectification works.

In respect of the other six building orders concerning building structures which were not erected by our Group, to the best of our Directors' knowledge, any unauthorized building structures concerned under the relevant building orders and/or notices issued against the landlords should not be related to any action of the Group and such building orders and/or notices will not have significant impact on the business operation of these restaurants.

To the best knowledge and information of our Directors and based on the Group's Counsel's opinion, the estimated monetary exposure to our Group in relation to these 12 building orders and/or notices against the landlord(s), if any, will be around HK\$910,000.

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In respect of the above eight Building Orders and building orders and/or notices served on our landlords which may concern building structures erected by us, the Controlling Shareholders, collectively as the indemnifiers, have entered into the Deed of Indemnity in favour of our Company, under which the indemnifiers jointly and severally covenant and undertake with our Group to indemnify our Group from and against losses, liabilities, damages, costs, claims and expenses incurred by our Group in relation to the signboards previously used by our Group (including but not limiting to the above mentioned signboards) and any other unauthorized building works which have been erected by our Group at any time prior to the Listing Date. More details of the Deed of Indemnity are set out in “G. Other Information — 2. Indemnities given by the Controlling Shareholders” in Appendix IV to this prospectus. In order to prevent similar incidents in the future, we have implemented a set of new internal compliance manual to monitor all relevant compliance matters in relation to the Buildings Ordinance. See “— Internal Control Measures” in this section below.

Water pollution control license-related non-compliance matters

Pursuant to sections 9(1) and 9(2) of the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) (“WPCO”), a water pollution control license from the Environmental Protection Department (“EPD”) is required prior to any discharge of trade effluents.

As at the Latest Practicable Date, all of our restaurants in Hong Kong have obtained valid water pollution control licenses from the EPD. During the Track Record Period, eight of our restaurants did not obtain the relevant water pollution control licenses prior to commencement of their business operations. We omitted to apply for the water pollution control licenses for those restaurants before the commencement of their business operations due to the rapid expansion and growth of our restaurants in the past in Hong Kong, which led to inadvertent oversight of our management. Despite our omission and oversight, our Directors confirm that the relevant restaurants have complied with all requirements and standards under the WPCO during the Track Record Period. Upon identification of such non-compliance during the preparation for the Listing, we have filed applications for all outstanding water pollution control licenses and all outstanding licenses have been issued as at the Latest Practicable Date.

Pursuant to section 9(1), 9(2) and 11 of the WPCO, if we are found to be in breach of the WPCO for discharging trade effluent without the water pollution control license, the maximum penalty is a fine of HK\$200,000 in the case of a first offense and HK\$400,000 in the case of a subsequent offense, together with an additional daily fine of HK\$10,000 for continuing offense. Pursuant to section 10A of the WPCO, any director, manager or other officer (the “Responsible Officers”) of the relevant subsidiaries concerned in their management who is in actual control of their operations at the relevant time commits the offense may also be held liable and imprisoned for six months. We have made verbal consultation with the EPD on the likelihood of the maximum penalty to be imposed in such circumstances. Based on the reply of the EPD, our Directors are of the view that the penalty, if any, will not be substantial and the financial impact to our Group is considered immaterial. Further, our Controlling Shareholders have undertaken to indemnify us for any liability to pay fines that may be imposed in connection with the water pollution control license to non-compliances in the past. See “Statutory and General Information — Other Information — Indemnities” in Appendix IV to this prospectus for further details.

We have been advised by the Counsel that:

- (i) given that we have already taken positive steps in applying for the outstanding water pollution control licenses, it is highly unlikely that the EPD will initiate any criminal proceedings against our Group or the Responsible Officers;

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- (ii) in the unlikely event that they are charged, the likely penalties, based on reported cases, would not exceed a fixed fine of HK\$10,000 and a daily fine of HK\$50 per day. Based on the Counsel's opinion, our Directors are of the view that the potential penalties, if levied on our Group, with respect to the outstanding water pollution control licenses would not exceed approximately HK\$360,000;
- (iii) if any fine is imposed by the court on the Group and the Responsible Officers under section 10A of the WPCO, the fines would be split between the responsible officers and our Group. In other words, the fines imposed on the Responsible Officers will not be in addition to those imposed to the Group; and
- (iv) the chance of imprisonment for the Responsible Officers is very remote.

Fire Services-related Non-compliance Matters

Pursuant to section 14(1) of the Fire Services (Fire Hazard Abatement) Regulations (Chapter 95F of the Laws of Hong Kong), any person in charge of premises shall not permit any article to obstruct the means of escape from such premises.

In May 2012, one of our subsidiaries in Hong Kong was found to be non-compliant with the requirement. We have rectified the non-compliant incident and were subject to a monetary penalty. As the monetary penalty which our Group was subject to was insubstantial, our Directors considered the financial impact on our Group as immaterial.

As at the Latest Practicable Date, all of our subsidiaries are in compliance with the material aspects of the Fire Services (Fire Hazard Abatement) Regulations.

Accounts-related Non-compliance Matters

Pursuant to section 129C of the Companies Ordinance, the directors of a company incorporated in Hong Kong must cause relevant auditors' report to be attached to a balance sheet before the balance sheet is issued, circulated or published. Section 129C of the Companies Ordinance further provides that if any copy of a balance sheet is issued, circulated or published without having annexed thereto a copy of the profit and loss account or any group accounts required by the section to be so annexed, or without having attached thereto a copy of the auditors' report, the relevant company and every officer of the company who is in default may be liable to a fine of up to HK\$150,000.

During the period from year 2004 to 2011, due to unintended and inadvertent omission of the relevant officer who had been responsible for company secretarial and corporate administrative matters to arrange for audits of the relevant Group members in the manner prescribed under the Companies Ordinance, some of our subsidiaries incorporated in Hong Kong have, on a total of around 50 occasions, failed to comply with this requirement as the relevant auditors' report were still in the process of being prepared at the time of the relevant annual general meeting and was not available. A maximum fine of HK\$150,000 may be imposed on each occasion. As at the Latest Practicable Date, we have submitted the requisite audited accounts for the relevant Group companies to their respective shareholders for adoption.

In light of the above, we have made a voluntary submission to the Companies Registry in June 2012, disclosing such accounts-related non-compliance matters. The Companies Registry reserved its rights against us in its reply, and in the event that our Group and/or Directors of the relevant subsidiaries at the relevant time in default is found guilty of such non-compliance, our Group and Directors who were in default may be liable to a fine. The Companies Registry has not yet levied any penalty up to the Latest Practicable Date.

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In this regard, our Controlling Shareholders, collectively as the indemnifiers, have entered into the Deed of Indemnity in favour of our Company, under which the indemnifiers jointly and severally covenant and undertake with our Company to indemnify our Group against losses, liabilities, damages, costs, claims and expenses incurred by our Group in relation to these accounts-related non-compliance matters at any time prior to the Listing Date. More details of the Deed of Indemnity are set out in “G. Other Information — 2. Indemnities given by the Controlling Shareholders” in Appendix IV to this prospectus.

General Non-compliance Matters

Under the Companies Ordinance, a Hong Kong company must file a notice with the Registrar of Companies in Hong Kong upon certain changes in its corporate particulars within a prescribed timeframe specified in the Companies Ordinance. Some of our subsidiaries incorporated in Hong Kong have failed to file the required notices within the prescribed timeframe due to absence of timely and professional advice to the relevant subsidiaries on this matter and may be subject to fines for such previous non-compliance, which our Directors consider would not be substantial.

As of the Latest Practicable Date, the relevant Group members have filed with the Hong Kong Companies Registry all relevant and necessary prescribed forms and notices.

Our Directors confirm that our Group will obtain all necessary licenses, approvals, permits and certificates from the relevant government authorities before any new restaurant comes into operations.

PRC regulatory compliance

Overview

According to our PRC legal adviser, we need to obtain a series of licenses, permits and approvals before a planned new restaurant located in the PRC may commence business operations, which primarily include a business license, food service license, liquor retail license environmental protection assessment and inspection approval, fire safety design approval and fire prevention inspection approval, or/and public assembly venue hygiene license. We have obtained the necessary licenses and permits required for operation of all our restaurants in the PRC. The expiration dates of the licenses and permits for our four existing restaurants in the PRC range from March 29, 2013 to June 10, 2015. We will apply to renew the relevant licenses in due course and as advised by our PRC legal adviser, there is no legal impediment for us to obtain the relevant licenses.

Non-compliance of our Group during the Track Record Period

Fire Services-related Non-compliance Matter

In 2011, one of our subsidiaries in the PRC was involved in an occasion of non-compliance with a fire-safety requirement by occupying evacuation routes in breach of the Article 60 of the PRC Fire Prevention Law (《中國人民共和國消防法》). As a result, we were subject to an insignificant penalty. Our Group had paid the penalty and our Directors believe that the financial impact of such non-compliance matter is immaterial to our Group. As at the Latest Practicable Date, the situation leading to such incident has been rectified.

Tax-related Non-compliance Matter

In 2011, one of our subsidiaries in the PRC was involved in certain tax-related non-compliance incidents for making tax filings with incorrect deductions and for omitting to withhold personal salary tax, in breach of the requirements in Articles 2 and 3 of the PRC Personal Gain Tax Law (《中國人民共和國個人所得稅法》) and Article 69 of PRC Tax Collection Management Law (《中國人民共和國稅收徵收管理法》). Our Group was fined and had paid an insubstantial amount, in which our Directors believe that the financial impact on our Group is immaterial. As at the Latest Practicable Date, the situation leading to such incident has been rectified.

Food Safety-related Non-compliance Matter

In 2011, one of our subsidiaries in the PRC has been found to be in breach of Article 7 of Public Places Hygiene Management Regulations (《公共場所衛生管理條例》) by employing staff who has not obtained a Satisfactory Health Certificate (健康合格證), for which we were subject to an insignificant penalty. Our Group had paid the penalty and our Directors believe that the financial impact of such non-compliance matter is immaterial to our Group. As at the Latest Practicable Date, the situation leading to such incident has been rectified.

In addition, one of our subsidiaries in the PRC was found to be in breach of the requirements under Articles 27, 28, 34, 39 and 66 the PRC Food Safety Law (《中華人民共和國食品安全法》), Article 24 of the Regulations on the Implementation of the PRC Food Safety Law (《中華人民共和國食品安全法實施條例》) and Articles 10, 12, 14 and 16 of the Catering Services Food Safety Supervision Management Methods (《餐飲服務食品安全監督管理辦法》), which prohibits, among other things, the using of food with improper labels, for which we received a warning and were subject to an insignificant penalty. Our Group had paid the penalty and our Directors believe that the financial impact of such non-compliance matter is immaterial to our Group. As at the Latest Practicable Date, the situation leading to such incident has been rectified.

Macau regulatory compliance

We confirm that, as at the Latest Practicable Date, there were no material breaches or violations of laws and regulations in Macau applicable to us that would have a material adverse effect on our business or financial condition taken as a whole. As at the Latest Practicable Date, we had obtained all licenses and permits necessary for our operations in Macau.

Internal Control Measures

We have adopted the following measures to ensure on-going compliances with all applicable laws and regulations after Listing and to strengthen our control environment at the monitoring level:

- (i) Since June 1, 2012, we have been implementing the following internal control measures to ensure compliance with the Listing Rules and the relevant Hong Kong, PRC and Macau laws and regulations:

*Building Orders, food
business license and
water pollution control
license related matters*

Reasons

Our Building Orders-related matters were a result of changes in the relevant legal requirements which rendered previously acceptable construction works and internal decors unacceptable, as well as inadvertent and sub-standard works carried out by contractors engaged by our Group. Our water pollution control license related matters were a result of administrative oversight. We also have to renew our food business licenses annually and apply for food business licenses for our new restaurants and for restaurant expansion.

Measures to ensure compliance

The following internal control measures have been adopted by our Group:

(a) Internal committee

We have established an internal control committee comprising of three members, namely Ms. LI Tsau Ha (our general manager), Mr. YANG Dong John (our chief financial officer) and our business development officer. The primary duties of our internal committee are the oversight of all compliance-related issues of our Group, including human resources, financial report and restaurants operations. Our internal committee supervises our administration team (which oversees the compliance matters of our existing restaurants) and our asset management department (which oversees the compliance matters of our new restaurants).

Our business development manager is a chartered financial analyst, a certified management accountant and is a member of The American Institute of Certified Public Accountants. He has over 15 years of working experiences in corporate finance, accounting, and financial advisory services. He will apply his high degree of professionalism and his experiences to oversee our compliance-related matters as a member of our internal committee.

(b) Administration team

We have established an administration team under the human resources department, comprising Ms. LI Tsau Ha (our general manager) as the head of department, one manager and one administrative officer.

Our administration and human resources manager has eight years of relevant experiences in the restaurant and service industry during which she had been handling the license and permit matters of our Group and other institutions. She has obtained the ISO 22000 Food Safety Management System training 2008. Our administration and human resources assistant officer has approximately three years of experiences assisting Ms. Li and our administration and human resources manager in handling the license and permit matters of our Group. See “Directors and Senior Management — Senior Management” for biographical details of Ms. Li.

Our administration team supervises the renewal of all required licenses, permits and approvals by monitoring the pending expiration dates of all licenses, permits and approvals and coordinating the timely preparation and submission of relevant licenses renewal applications.

Our administration team reports to Mr. Lock, our chief executive officer on a periodic basis.

(c) Asset management department and project management department

We have established the asset management department comprising of three members. The asset management department monitors all compliance matters relating to new restaurants in Hong Kong.

Our asset management team is led by our general affairs manager and comprises of two officers. Our general affairs manager joined our Group in November 2011 and has over 16 years of extensive experiences in restaurant and service industry in Hong Kong. He is able to apply his extensive experiences in overseeing project development to monitor our new restaurant operations. The other two members have approximately one to four years of experiences within our Group during which they have obtained practical experience in new restaurant development.

Before a new restaurant commences operations, a project manager is assigned to handle the entire development process. This project manager will assist our asset management department to obtain relevant licenses and report to internal committee on all compliance matters such as compliance with various buildings and structural requirements. Our asset management department will coordinate with the relevant third party consultants and advisers where appropriate to ensure compliance with all applicable laws and regulations. All expansion plans, which detail the steps to be taken to ensure compliance, must be reported to the internal committee on a weekly basis and new restaurants will come into operation only with the approval of the internal committee.

We have a dedicated chief operation officer, Mr. LAW Cho Yan, to monitor the compliance status of our new restaurants in the PRC. See “Directors and Senior Management — Senior Management” for his biographical details. Mr. Law reports to Mr. Lock, our chief executive officer on a periodic basis. We have established the project management department comprising of three members to handle and monitor the whole process of developing a new restaurant in the PRC. Our project management department reports to Mr. Law on a regular basis.

(d) Chief operation officer

We have a dedicated chief operation officer, Mr. LAW Cho Yan, to monitor compliance status of our PRC operations. See “Directors and Senior Management — Senior Management” for his biographical details. Mr. Law is a member of the Hong Kong Institute of Certified Public Accountants. He is able to apply his high level of professionalism and dedication as an experienced manager and account in his oversight of our PRC compliance status. Mr. Law reports to Mr. Lock, our chief executive officer on a periodic basis.

(e) Engagement of professional advisers

We will engage external professional advisers, including Authorized Persons, registered architects, contractors, consultancy firms, auditors and external legal advisers to ensure that any building or structural works conducted at the premises of our restaurants or structures of any new restaurants of our Group comply with the relevant laws and regulations.

*Food safety related
non-compliance matters*

Reasons

Our food safety related non-compliance matters were isolated incidents to which we believe is not uncommon in our industry. These matters were a result of unintended and inadvertent omission of certain employee in the process of food preparation. Given our scale of operations, our Directors believe that these incidents are immaterial to our overall quality control.

Measures to ensure compliance

The following internal control measures have been adopted by our Group:

- (a) we have established a food safety committee to supervise our quality control system with respect to food safety issues across our restaurants.
- (b) the food safety committee currently comprises of eight members, including Mr. WK Cheung, Mr. YP Cheung (both executive Directors), Ms. LI Tsau Ha (our general manager) and other mid-level management officers.

- (c) each of Mr. WK Cheung, Mr. YP Cheung and Ms. Li has extensive experience in the restaurant industry and is familiar with the food preparation process and food safety regulations. See “Directors and Senior Management” for their biographical details.
- (d) Some of the members of the food safety committee have obtained a diploma in food science and technology and have approximately one to five years of relevant working experience in food safety matters.

Accounts-related and general non-compliance matters

Reasons

Our accounts-related and general non-compliance matters were a result of unintended and inadvertent omission of a relevant officer who had been responsible for company secretarial and corporate administrative matters.

Measures to ensure compliance

The following internal control measures have been adopted by our Group:

- (a) We have appointed Mr. YANG Dong John as our company secretary to oversee our secretarial and accounting matters.
 - (b) Mr. Yang is a member of the Hong Kong Institute of Certified Public Accountants and is qualified to act as a company secretary of a listed company under the Listing Rules. He has experience in handling compliance matters of listed companies and will ensure our compliance with the Listing Rules and the Companies Ordinance with respect to accounts-related matters and other company secretarial matters.
- (ii) we have established the audit committee which comprises of three independent non-executive Directors. Mr. YIM Kwok Man and Mr. WONG Chi Kin possess extensive experience in accounting and financial management experience. Mr. Yim has held independent directorship in a listed company in Hong Kong, while Mr. Wong serves as a company secretary, authorized representative and chief financial officer in another listed company in Hong Kong, both to oversee the internal control procedures and accounting and financial reporting matters. The audit committee has also adopted its terms of reference which set out clearly its duties and obligations for ensuring compliances with the relevant regulatory requirements. In particular, the audit committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters;

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- (iii) we have adopted an administration manual in June 2012 in order to monitor the Group's future compliance and maintenance matters of all restaurant licenses;
- (iv) we have engaged an Authorized Person who began to advise us on the Building Orders in February 2006 and further appointed a consultancy firm in April 2012 to assist us with the signboards erected by us. Further, we have engaged external professionals, including auditors, external legal adviser and other advisers beginning June 2012 to render professional advice as to compliances with statutory requirements (including Buildings Ordinance, Water Pollution Control Ordinance and Food Business Regulation) as applicable to our Group from time to time. We have also appointed a compliance adviser to advise our Company on compliance matters in accordance with Rule 3A.19 of the Listing Rules;
- (v) in order to further enhance the effectiveness of our internal control system, we have implemented in June 2012 new internal control procedures on certain aspects of our operations, including in relation to building works. We have established in June 2012 an internal committee to oversee, among others, compliance status of our building works in our restaurants and any new restaurants of the Group. We have engaged in April 2012, and will continue to engage, an architect firm to advise on compliance matters in relation to building works; and
- (vi) our Directors and other members of the senior management of our Group have attended trainings conducted by our Company's Hong Kong legal advisers on the on-going obligations, duties and responsibilities of directors of publicly listed companies under the Companies Ordinance, the Securities and Futures Ordinance and the Listing Rules.

Our Directors are of the view that the above measures can enhance our staff's understanding of the relevant laws and regulations and strengthen our control environment at both working level and monitoring level, and therefore, our Directors and the Sole Sponsor are of the view that the internal control measures adopted by our Group are adequate and effective in significantly reducing the risk of future non-compliance with legal and regulatory requirements in Hong Kong and the PRC.

ENVIRONMENTAL MATTERS

We are subject to environmental protection laws and regulations promulgated by the governments of Hong Kong and the PRC. We will devote operating and financial resources to environmental compliance whenever we are required by PRC or Hong Kong laws to do so in the future.

LEGAL PROCEEDINGS

From time to time we have been, and may in the future be occasionally, involved in routine legal proceedings or disputes in the ordinary course of business that are common for our industry, including minor employment disputes, customer complaints and contract disputes with our suppliers or service providers. During the Track Record Period, our Group was involved in approximately ten such legal proceedings in each financial year, most of which have already been settled or have not been subject to further action taken by the other parties. Our Directors estimate that our outstanding aggregate monetary exposure with respect to these legal proceedings is approximately HK\$3 million and such monetary exposure, if materialized, is insignificant and immaterial to our Group. We are also subject to regular investigations by the relevant government regulatory bodies in relation to our licenses as well as accounting and auditing matters. As at the Latest Practicable Date, we were not involved in any litigation or

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arbitration proceedings pending or, to our knowledge, threatened against us or any of our Directors that could have a material adverse effect on our business, financial condition or results of operations.

The Hong Kong Magistrates Court issued a summons in August 2012 with respect to the food business license of one of our restaurants. See “Business — Legal and regulatory compliance — Hong Kong regulatory compliance — Transfer of food business licenses of the six restaurants” for further details.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OVERVIEW

Upon the Listing, each of Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung, Mr. YP Cheung, Cui Fa, Ample Favour and Victor Leap will be a Controlling Shareholder under the Listing Rules. The table below sets out information regarding the ownership of our Shares immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option or options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme):

	<u>Number of Shares owned</u>	<u>Approximate percentage of voting rights</u>
Cui Fa (<i>note 1</i>)	789,092,000	59.18%
Ample Favour (<i>note 2</i>)	85,408,000	6.41%
Victor Leap (<i>note 3</i>)	63,456,000	4.76%
Macca Investment	60,000,000	4.50%
Mr. Chau	2,044,000	0.15%
Other Shareholders	<u>333,334,000</u>	<u>25%</u>
Total	<u><u>1,333,334,000</u></u>	<u><u>100%</u></u>

Notes:

- (1) Cui Fa is owned as to approximately 48.19%, 37.35% and 14.46%, respectively, by Mr. Lee, Mr. Ho and Mr. YT Cheung as at the date of this prospectus.
- (2) Ample Favour is wholly-owned by Mr. WK Cheung as at the date of this prospectus.
- (3) Victor Leap is wholly-owned by Mr. YP Cheung as at the date of this prospectus.

Acting in Concert Confirmation

Over the course of our business history, our Core Shareholders were either the legal owners of shares and/or the business beneficiaries in each of our subsidiaries (excluding our Jointly-Controlled Entities) comprising our Group. Each of the Core Shareholders has, in exercising and implementing the management and operation of each of our subsidiaries, been acting in concert with each other. Because we were a group of private entities in the past, these arrangements were not formalized in writing and each of our Core Shareholders was content with these arrangements based on their close and long-term business and personal relationships, as well as the trust and confidence they have in each other. Our Core Shareholders have confirmed that (i) the acting in concert arrangements with respect to each Relevant Subsidiary (as defined below) became effective upon any Core Shareholder(s) becoming the registered shareholder of each such Relevant Subsidiary; and (ii) the business stake of each Core Shareholder in each such Relevant Subsidiary was in proportion to their respective shareholding in Kang Wang immediately prior to the implementation of our Reorganization. For illustrative purposes, Kang Wang was owned as to approximately 38.11%, 29.54%, 11.43%, 8.56% and 6.36%, respectively, by Mr. Lee, Mr. Ho, Mr. YT Cheung (through their respective interests in Cui Fa), Mr. WK Cheung (through his 100% interest in Ample Favour) and Mr. YP Cheung (through his 100% interest in Victor Leap).

On November 5, 2012, in preparation for the Listing, our Core Shareholders executed the Acting in Concert Confirmation, whereby they confirmed the existence of their acting in concert arrangements in the past, as well as their intention to continue to act in the above manner upon the Listing to consolidate their control over our Group until the Acting in Concert Confirmation is terminated by the Core Shareholders in writing. The Acting in Concert Confirmation covers our Company and a total of 37 subsidiaries (the “Relevant Subsidiaries”), including Happy Billions, Green Wave, Euro Success, TW Restaurant Holding, Win Idea, Senfield, Billioncom, Kenglor,

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Sky Oasis, Happy Oasis, Royal Gold, Dragonsea, TW Catering Management, Joyhale, TW Efford, Common Way, Ever Million Rich, Flying Gold, Golden York, Pioneer Ray, Richberg, Special Wise, Summer Rich, TW Catering, China Sure, Famous China, Popular Green, TW Patent, Kang Wang, Cui Xin, Joy Express (for the period up to September 30, 2009) Champion Richstar, Green Luck, Green Treasure, Longwin Corporate, New Top Star and New Power Zone. The Acting in Concert Confirmation contains the following salient terms:

According to the Acting in Concert Confirmation, with respect to the businesses of the Relevant Subsidiaries, our Core Shareholders confirm to each other that, for the entire duration when all of them were/are contemporaneously either the legal owners of shares and/or the business beneficiaries in each of the Relevant Subsidiaries and, after the incorporation of our Company, our Company:

- (a) they have agreed to, and shall continue to, consult each other and reach a consensus among themselves on matters which are the subject of any shareholders' resolution prior to putting forward any such resolution to be passed at any shareholders' meeting of our Company and the Relevant Subsidiaries (as the case may be) and have historically voted on such resolutions in a unanimous manner;
- (b) they have enjoyed, and shall continue to enjoy, the economic benefits generated from all Relevant Subsidiaries from the businesses and projects of our Group, which include but shall not be limited to, dividends declared or to be declared (if any) from the businesses and projects of our Group;
- (c) where there was or is any suitable business opportunity or project for our Group, they have engaged in, and shall continue to engage in, discussions as to whether they should participate and, if so, in whose name they should participate and the extent of participation in terms of investment and management; and
- (d) they have centralized, and shall continue to centralize, the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of our Group.

Hence, pursuant to the Acting in Concert Confirmation, Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung, Mr. YP Cheung, Cui Fa, Ample Favour and Victor Leap will together be entitled to exercise and control approximately 70.35% of our entire issued share capital immediately upon the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme).

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

No competition and clear delineation of business

Our Directors, including our independent non-executive Directors, confirm that, as at the Latest Practicable Date, none of our Controlling Shareholders or any of their respective associates had interests in any business, other than our business, which compete, or is likely to compete, either directly or indirectly, with our business.

The principal business venture of Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung, and Mr. YP Cheung is our Group. Cui Fa, Ample Favour and Victor Leap are investment holding companies held by the respective Core Shareholders and the principal business asset of which is their shareholding in our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Company was incorporated in the Cayman Islands on May 29, 2012 as part of our Reorganization, details of which are set out in “History, Development and Reorganization — Reorganization” in this prospectus. Pursuant to our Reorganization, all companies and businesses of our Controlling Shareholders related to, or incidental to, the operation of *Cha Chaan Teng* (茶餐廳) in Hong Kong, Macau and the PRC were transferred to our Company. In particular, one of the objectives of our Reorganization was to establish a clear delineation between the businesses carried out by our Group and our Controlling Shareholders via separate and distinct corporate entities.

Our Directors are satisfied that our Group can function, operate and carry on our business independently from our Controlling Shareholders based on the following reasons:

Independence of management and directorship

Our Company has a Board and members of senior management that function independently from our Controlling Shareholders and their respective associates. Our Board of Directors is comprised of five executive Directors and three independent non-executive Directors. Our senior management consists of four members. On the basis of the following reasons, our Directors believe that our Directors and members of our senior management are able to manage our business independently from our Controlling Shareholders:

- (i) with three independent non-executive Directors out of a total eight Directors in our Board, which exceeds the requirements under the Listing Rules, there will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving a conflict of interest and protect the interests of our independent Shareholders;
- (ii) all members of our senior management are full-time employees of our Group and most have, for the entire or substantially the entire Track Record Period, undertaken senior management supervisory responsibilities in our business. The responsibilities of our senior management team include managing operational and financial matters, making general capital expenditure decisions and the daily implementation of the business strategies of our Group. This ensures the independence of the daily management and operations of our Group from those of our Controlling Shareholders;
- (iii) instances of actual or potential conflict have been identified (see “Connected Transactions” in this prospectus) and minimized (by virtue of the Deed of Non-Competition);
- (iv) each of our Director is aware of his fiduciary duties as a Director of our Company, which require, among other things, that he acts for the benefit and in the best interests of our Shareholders as a whole and does not allow any conflict between his duties as a Director and his personal interests to affect the performance of his duties as a Director;
- (v) connected transactions between our Company and companies controlled by our Controlling Shareholders are subject to the rules and regulations under the Listing Rules including rules relating to announcement, reporting and independent Shareholders’ approval (where applicable);

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (vi) all of the businesses that are directly related to or incidental to the operation of *Cha Chaan Teng* (茶餐廳) in Hong Kong, Macau and the PRC held by our Controlling Shareholders have been consolidated into our Group as part of our Reorganization. Therefore, there is no competition that would adversely affect the management independence of our Group; and
- (vii) a number of corporate governance measures are in place to avoid any potential conflict of interest between our Company and our Controlling Shareholders, and to safeguard the interests of our independent Shareholders. See “Corporate governance measures” in this section below.

Operational independence

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

- (i) our Company is not reliant on trademarks owned by our Controlling Shareholders, or other companies controlled by our Controlling Shareholders;
- (ii) except for the restaurant and/or bakery licenses of six of our restaurants held by our Controlling Shareholders, executive Directors or employees, our Group is the holder of all relevant licenses material to the operation of our restaurant business and has sufficient capital, equipment and employees to operate our business independently. For the arrangement in relation to the restaurant and/or bakery licenses of six of our restaurants which are held by individuals, see “Business — Restaurant and/or bakery licenses(s) of six of our restaurants” in this prospectus;
- (iii) our Company has its own administrative and corporate governance infrastructure (including its own accounting, legal and human resources departments);
- (iv) except for the premises of three restaurants, one central kitchen, one catering services center and one office premise which are leased from entities controlled by our Controlling Shareholders (details of which are set out in “Connected Transactions” in this prospectus) and the premises of the restaurants operated by our Jointly-Controlled Entities, which are licensed from our joint venture partners, all of the properties used as our principal place of business, offices premises and restaurants are leased from Independent Third Parties by our Company or our subsidiaries;
- (v) our Company has established a set of internal control procedures to facilitate the effective operation of our business; and
- (vi) our Company does not rely on our Controlling Shareholders for access to suppliers and customers. In particular, we independently manage our sourcing for food and equipment. Our customers are predominantly members of the public, to whom we have independent access.


Based on the above-mentioned arrangements, our Directors are of the view that our Company will be able to operate independently from our Controlling Shareholders.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Continuing connected transactions between our Group and entities controlled by our Controlling Shareholders

During the Track Record Period, certain entities controlled by our Controlling Shareholders entered into related party transactions with our Group in the ordinary course of our business and on normal commercial terms. Such related party transactions are disclosed in Note 28 to the Accountants' Report set out as Appendix I to this prospectus. Such transactions, if continued upon the Listing, will constitute connected transactions of our Company under the Listing Rules. Details of these continuing connected transactions are set out in "Connected Transactions" in this prospectus.

With the exception of three restaurants, one central kitchen, one catering services center and one office premise which we operate on properties leased from entities controlled by our Controlling Shareholders, our business will, upon the Listing, continue to be independent of our Controlling Shareholders. These leasing arrangements with our Controlling Shareholders, details of which are set out in "Connected Transactions" in this prospectus, include:

- (i) lease of restaurant premises from Joy Express, a company owned as to 40%, 30%, 10%, 10% and 10%, respectively, by Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. YP Cheung and Mr. WK Cheung, each being a Controlling Shareholder, on which we operate Des Voeux Road Central Tsui Wah restaurant (德輔道中翠華餐廳). Joy Express is a limited liability company incorporated prior to the Track Record Period and wholly-owned by our Controlling Shareholders. Joy Express was engaged in the *Cha Chaan Teng* (茶餐廳) business of our Group from the beginning of the Track Record Period up to September 30, 2009, the date of cessation of its involvement in the business of our Group, and thereafter became involved in the business of property investment. Joy Express was, and remains, the owner of the Des Voeux Premises and operated our Des Voeux Road Central Tsui Wah Restaurant (德輔道中翠華餐廳) under our  翠華餐廳 "Tsui Wah (翠華)" brand prior to September 30, 2009. Through an intra-group transfer of the relevant business, this restaurant is currently operated by TW Catering, our wholly-owned subsidiary. Our Directors confirm that Joy Express does not operate any business that competes, or is likely to compete, either directly or indirectly, with the business of our Group;
- (ii) lease of restaurant premises from Champion Stage Limited, a company owned as to 50%, 37.50%, and 12.50%, respectively, by Mr. Lee, Mr. Ho and Mr. YT Cheung, each being a Controlling Shareholder, on which we operate Aberdeen Tsui Wah restaurant (香港仔翠華餐廳);
- (iii) lease of kitchen premises from Fame City International Limited, a company owned as to 20%, 20%, 20%, 20%, and 20%, respectively, by Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. YP Cheung and Mr. WK Cheung, each being a Controlling Shareholder, on which we operate our central kitchen;
- (iv) lease of an office premise from Success Path Limited, a company owned as to 40%, 30%, 10%, 10% and 10%, respectively, by Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. YP Cheung and Mr. WK Cheung, each being a Controlling Shareholder, which we use as an office; and
- (v) lease of restaurant premises from Success Path Limited, a company owned as to 40%, 30%, 10%, 10% and 10%, respectively, by Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. YP Cheung and Mr. WK Cheung, each being a Controlling Shareholder, on which we operate Hung To Road Tsui Wah restaurant (鴻圖道翠華餐廳) and catering services center.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

These transactions between our Group and entities controlled by our Controlling Shareholders are not material in value as far as our Group is concerned. On an aggregated annual basis, the amounts paid or payable by our Group to such entities, for the year ended March 31, 2012, did not exceed 5% of our Group's revenue during the same periods.

The properties subject to these transactions were not included in our Group in order to allow our Group to focus on our core business of restaurant operations and present a streamlined corporate profile to our Shareholders and potential investors. Our current business strategy involves restaurant operations on leased properties only, which give us the flexibility to select suitable property and location in accordance with prevailing market conditions.

Our Directors confirm that, save and except for the continuing connected transactions set out in "Connected Transactions" in this prospectus, all related party transactions with our Controlling Shareholders will be discontinued upon the Listing. Our Directors (including our independent non-executive Directors) consider that such continuing connected transactions have been entered into in the ordinary and usual course of our business and are based on arm's length negotiation and on normal commercial terms that are in the interests of our Group and our Shareholders as a whole.

Financial independence

Our Directors are of the view that our Group will be financially independent of our Controlling Shareholders and any of their respective associates upon the Listing for the following reasons:

- (i) **Strong financial positions:** we are the leading *Cha Chaan Teng* (茶餐廳) chain owner and operator in Hong Kong based on revenue and number of seats in 2011, according to the Frost & Sullivan Report. We have been financially sound throughout the Track Record Period. For the three financial years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our Group's turnover was HK\$440.0 million, HK\$598.0 million, HK\$762.8 million, and HK\$223.6 million, respectively, and our profit for the year attributable to owners of our Company for the same periods were HK\$53.8 million, HK\$64.9 million, HK\$103.9 million and HK\$24.0 million, respectively. As at June 30, 2012, our Group had cash and bank balances of HK\$104.1 million. Our Group's net cash flows from operating activities for the financial year ended March 31, 2012 was HK\$113.8 million.
- (ii) **Strong credit position:** besides having a strong financial position and cash generating operation as mentioned above, based on discussions with relevant lending banks, our Group also has a strong credit position on a stand-alone basis. Our Group expects to maintain a strong net cash position after the Listing.
- (iii) **A track record of obtaining bank loans on a stand-alone basis:** Our Group has been able to, and believes that it will continue to be able to, secure loans from banks and other financial institutions without any credit support or guarantees from our Controlling Shareholders. We are confident that after the Listing, we will be able to obtain credit facilities from financial institutions on a stand-alone basis. As such, our Group is satisfied of its capability on carrying on our business financially independently of our Controlling Shareholders.

All the non-trade amounts due to and from our Controlling Shareholders and companies controlled by our Controlling Shareholders, as well as all guarantees, indemnities and other securities provided by us for the benefit of our Controlling Shareholders, and companies

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

controlled by our Controlling Shareholders, or vice versa, will be fully settled or released before the Listing Date. There will be no financial assistance, security and/or guarantee provided by our Controlling Shareholders in favor of our Group or vice versa upon the Listing.

Because we were a group of private entities in the past, we have incurred certain amounts due to and from our Directors during the Track Record Period. These amounts were the results of drawings and advance payments made by our Directors. We have settled these amounts by way of dividend declaration before the Listing.

DEED OF NON-COMPETITION

For the purpose of the Listing, the Controlling Shareholders have entered into the Deed of Non-Competition, pursuant to which each of the Controlling Shareholders has irrevocably undertaken to our Company (for itself and on behalf of each other member of our Group) that he/she/it would not, and would procure that his/her/its associates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any business which is or may be in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time (the "Restricted Business").

As none of the Controlling Shareholders has ever had the option or right to acquire any asset in any of our business operations, no options, pre-emptive rights or rights of first refusal will be granted by the Controlling Shareholders to our Group under the Deed of Non-Competition.

Each of the Controlling Shareholders has also undertaken to our Company the following:

- (a) to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition; and
- (b) to make an annual declaration on compliance with his/her/its undertaking under the Deed of Non-Competition in the annual reports of our Company as the independent non-executive Directors think fit and/or as required by the relevant requirements under the Listing Rules.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Deed of Non-Competition does not apply to:

- (a) any interests in the shares of any member of our Group since the business of such member is not in competition with our Group. Moreover, none of the Controlling Shareholders currently has any intention to hold shares directly in any member of our Group; or
- (b) interests in the shares of a company other than our Group which shares are listed on a recognized stock exchange provided that:
 - (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or
 - (ii) the total number of the shares held by the relevant Controlling Shareholder and/or his/her/its associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and such Controlling Shareholder and his/her/its associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company (together, where appropriate, with its associates) whose shareholdings in that company should be more than the total number of shares held by the Controlling Shareholder and his/her/its associates in aggregate.

The "restricted period" stated in the Deed of Non-Competition refers to the period during which (i) the Shares of our Company remain listed on the Stock Exchange; (ii) the relevant Controlling Shareholder and his/her/its associate holds an equity interest in our Company; and (iii) the relevant Controlling Shareholder and/or his/her/its associates jointly or severally are entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company. In other words, if our Company was no longer listed on the Stock Exchange or the relevant Controlling Shareholder came to hold less than 30% of the Shares then issued, the Deed of Non-Competition would not apply. We believe the 30% threshold is justifiable as it is equivalent to the thresholds applied under the Listing Rules and the Takeovers Code for the concept of "control".

CORPORATE GOVERNANCE MEASURES

Upon the Listing, our Company will continue to enter into connected transactions with certain companies controlled by our Controlling Shareholders. Each of our Controlling Shareholders has also undertaken to our Company under the Deed of Non-Competition that he/she/it shall not, and shall procure that his/her/its subsidiaries (other than our Company) shall not, own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes, or may compete, with our business. Our Company will further adopt the following measures to manage the conflict of interests arising from the possible competing business of our Controlling Shareholders and to safeguard the interests of our independent Shareholders:

- (i) in preparation for the Listing, our Company has amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, except for certain exceptions permitted under the Listing Rules or the Stock Exchange, a Director shall not vote on any board resolution approving any contract in relation to which he has a material interest, nor shall such Director be counted in the quorum present at the meeting. Furthermore, a Director who holds directorship and/or

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

senior management positions in the Controlling Shareholders or any of its associates (other than our Company or any member of our Group) shall not vote on any board resolution regarding any transactions proposed to be entered into between any member of our Group and the Controlling Shareholders or any of its associates (other than our Company or any member of our Group), nor shall such Director be counted in the quorum present at such meeting;

- (ii) we have appointed Fortune Financial Capital Limited as our compliance adviser, which will provide advice and guidance to us with respect to compliance with the applicable laws and the Listing Rules, including but not limited to various requirements relating to Directors' duties and internal controls;
- (iii) our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- (iv) each of our Controlling Shareholders has undertaken to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (v) we will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition either through an annual report, or by way of announcement to the public;
- (vi) each of our Controlling Shareholders will make an annual declaration of compliance with the Deed of Non-Competition in the annual report of our Company;
- (vii) the management structure of our Group includes an audit committee, a remuneration committee, and a nomination committee, the terms of reference of each of which will require them to be alert to prospective conflict of interest and to formulate their proposals accordingly; and
- (viii) pursuant to the Code of Corporate Governance Practices in Appendix 14 of the Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs.

Our Company is expected to comply with the Code of Corporate Governance Practices in Appendix 14 of the Listing Rules which sets out principles of good corporate governance in relation to, among others, Directors, chief executive, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communication with our Shareholders. Our Company will state in our interim and annual reports whether we have complied with such code, and will provide details of, and reasons for, any deviation from it in the corporate governance reports attached to our annual reports.

CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

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

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

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

Property lease agreements

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

Background

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

Relationship

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

Future services

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

CONNECTED TRANSACTIONS

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

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

Historical transaction amounts

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

Annual cap on future transaction amounts

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

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

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

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

CONNECTED TRANSACTIONS

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

Background

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

Relationship

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

Future services

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

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

Historical transaction amounts

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

CONNECTED TRANSACTIONS

Annual cap on future transaction amounts

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

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

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

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

Central Kitchen

Background

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

Relationship

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

Future services

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

CONNECTED TRANSACTIONS

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

Historical transaction amounts

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

Annual cap on future transaction amounts

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

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

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

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

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

Background

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

Relationship

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

CONNECTED TRANSACTIONS

Future services

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

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

Historical transaction amounts

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

Annual cap on future transaction amounts

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

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

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

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

CONNECTED TRANSACTIONS

Office

Background

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

Relationship

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

Future services

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

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

Historical transaction amounts

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

CONNECTED TRANSACTIONS

Annual cap on future transaction amounts

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

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

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

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

Application for waivers from the announcement

(a) Reason for the application

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

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

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

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

CONNECTED TRANSACTIONS

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

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

(c) Confirmation from the Directors

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

(d) Confirmation from the Sole Sponsor

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

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board of Directors currently consists of eight Directors, comprising five executive Directors, and three independent non-executive Directors. The following table sets forth information regarding our Directors.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of Appointment</u>	<u>Responsibilities in our Group</u>
LEE Yuen Hong (李遠康)	57	Chairman of the Board and executive Director	May 29, 2012	Responsible for the overall corporate strategies, management and business development of our Group; member of remuneration and nomination committee
HO Ting Chi (何庭枝)	49	Executive Director	May 29, 2012	Responsible for the strategic development and management of our Group
CHEUNG Yu To (張汝桃)	55	Executive Director	May 29, 2012	Responsible for the overall management and overseeing the business operations of our Group; Mr. YT Cheung is the brother of Mr. YP Cheung
CHEUNG Wai Keung (張偉強)	61	Executive Director	May 29, 2012	Overseeing the financial control and procurement of our Group
CHEUNG Yue Pui (張汝彪)	50	Executive Director	May 29, 2012	Overseeing the operations of our Group's central kitchen; Mr. YP Cheung is the brother of Mr. YT Cheung
GOH Choo Hwee (吳慈飛)	41	Independent non-executive Director	November 5, 2012	Chairman of remuneration committee; member of audit committee and nomination committee; supervising and providing independent judgment to our Board
WONG Chi Kin (黃志堅)	39	Independent non-executive Director	November 5, 2012	Chairman of nomination committee; member of audit committee and remuneration committee; supervising and providing independent judgment to our Board
YIM Kwok Man (嚴國文)	44	Independent non-executive Director	November 5, 2012	Chairman of audit committee; supervising and providing independent judgment to our Board

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. LEE Yuen Hong (李遠康) aged 57
Chairman of the Board and Executive Director

Mr. Lee was appointed as our executive Director with effect from May 29, 2012, the date of incorporation of our Company and serves as the Chairman of our Board. He is one of the founders of our Group. Mr. Lee is primarily responsible for our Group's overall corporate strategies, management and business development. Mr. Lee is also a member of our remuneration and nomination committee.

Raised in Hong Kong, Mr. Lee founded our Group in 1989 by acquiring the San Po Kong Tsui Wah restaurant (新蒲崗翠華餐廳) together with Mr. Ho, Mr. YT Cheung, Mr. YP Cheung and Mr. WK Cheung. Since then, he has been instrumental in our business expansion and has developed our Group from a small-scale operation with one restaurant to the leading *Cha Chaan Teng* (茶餐廳) chain in Hong Kong in terms of revenue as well as number of seats in 2011, according to the Frost & Sullivan Report, with a chain store operation of 26 restaurants⁽¹⁾ in Hong Kong, Macau and the PRC as at the Latest Practicable Date. Mr. Lee joined the restaurant industry in Hong Kong in 1966 and has since served in various positions within the industry. He has served as cook, chief cook and chef in a number of restaurants from 1973 to 1989.

Mr. Lee has spent over two decades in our Group since 1989 which, together with his previous positions in other restaurants, allowed him to accumulate over 40 years of extensive work experience in the restaurant industry, in particular in the *Cha Chaan Teng* (茶餐廳) segment. He is currently the honorary chairman of the Association of Coffee and Tea (香港咖啡紅茶協會) and the vice chairman of the board of directors of Hong Kong Federation of Restaurants and Related Trades (香港餐飲聯業協會). He was a co-opted member of the Recognition of Prior Learning Subcommittee and Promotion & Consultation Subcommittee of the Chinese Catering Qualifications Framework Advisory Committee (教育局中式飲食業資歷架構諮詢委員會). He has also been a member of the Catering Industry Training Committee of the Integrated Vocational Development Centre (職業訓練局滙縱專業發展中心飲食行業培訓小組) since September 2009. He also serves as the vice chairman of Guangzhou Restaurant & Catering Association (廣州市飲食行業商會) and was appointed as a Council member at the Shanghai Cuisine Association (上海市烹飪協會).

Mr. Lee has completed the Hygiene Supervisor Training Course (衛生督導員訓練課程) organized by the Food and Environmental Hygiene Department in December 2004. Mr. Lee obtained his Master's degree in Business Administration from Sun Yat-Sen University (中山大學) in November 2010.

During the three years immediately preceding the date of this prospectus, Mr. Lee has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. HO Ting Chi (何庭枝) aged 49
Executive Director

Mr. Ho is one of the founders of our Group and was appointed as our executive Director with effect from May 29, 2012, the date of incorporation of our Company. Mr. Ho is responsible for the strategic development and management of our Group's business and operations together with Mr. Lee and Mr. YT Cheung.

⁽¹⁾ Including one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ho has over 30 years of experience in the restaurant and catering industry in Hong Kong. Prior to the founding of our Group, Mr. Ho worked as a chef and supervisor in a number of restaurants from 1981 to 1989.

Mr. Ho completed the Hygiene Supervisor Training Course (衛生督導員訓練課程) organized by the Food and Environmental Hygiene Department in July 2004. He was also appointed as a smoke-free ambassador (restaurant) (食肆無煙大使) by the Tobacco Control (Smoke-Free Restaurants) Working Group (控煙 (無煙食肆) 工作小組) established by the Department of Health and the catering industry in August 2006. He is a member of the Association for Hong Kong Catering Services Management Limited. Mr. Ho obtained his Master's degree in Business Administration from Sun Yat-Sen University (中山大學) in November 2010.

During the three years immediately preceding the date of this prospectus, Mr. Ho has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. CHEUNG Yu To (張汝桃) aged 55
Executive Director

Mr. YT Cheung is also one of the founding members of our Group and was appointed as an executive Director of our Company with effect from May 29, 2012. He is responsible for the overall management of our business operations together with Mr. Lee and Mr. Ho. Mr. YT Cheung has extensive experience in the restaurant industry and has been working in the industry for over 30 years.

Prior to the founding of our Group, Mr. YT Cheung worked as a manager in a number of restaurants from 1980 to 1989.

In December 2004, Mr. YT Cheung completed the Basic Food Hygiene Certificate for Hygiene Managers (基礎食物衛生經理課程) organized by the Li Ka Shing Institute of Professional and Continuing Education of the Open University of Hong Kong.

Mr. YT Cheung is the brother of Mr. YP Cheung. During the three years immediately preceding the date of this prospectus, Mr. YT Cheung has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. CHEUNG Wai Keung (張偉強) aged 61
Executive Director

Mr. WK Cheung is one of the founders of our Group and was appointed as an executive Director of our Company with effect from May 29, 2012, the date of incorporation of our Company. He is in charge of the financial control and procurement of our Group. Mr. WK Cheung has extensive experience and has worked in the restaurant industry since 1970.

Prior to the founding of our Group, Mr. WK Cheung worked as a manager in a number of restaurants during the period between 1977 to 1989.

Mr. WK Cheung completed the Hygiene Supervisor Training Course (衛生督導員訓練課程) organized by the Food and Environmental Hygiene Department in July 2004 and the Basic Food Hygiene Certificate for Hygiene Managers (基礎食物衛生經理課程) in December 2004 organized by the Li Ka Shing Institute of Professional and Continuing Education of the Open University of Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

During the three years immediately preceding the date of this prospectus, Mr. WK Cheung has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. CHEUNG Yue Pui (張汝彪) aged 50
Executive Director

Mr. YP Cheung was appointed as an executive Director of our Company with effect from May 29, 2012, the date of incorporation of our Company. Mr. YP Cheung is one of our founders and oversees the operations of our central kitchen. Mr. YP Cheung has over 30 years of experience in the restaurant industry.

Prior to the founding of our Group, Mr. YP Cheung served as a chef in various restaurants in Hong Kong and the PRC during the period between 1979 to 1989.

Mr. YP Cheung completed the Basic Food Hygiene Certificate for Hygiene Managers (基礎食物衛生經理課程) organized by the Li Ka Shing Institute of Professional and Continuing Education of the Open University of Hong Kong in December 2004.

Mr. YP Cheung is the brother of Mr. YT Cheung. During the three years immediately preceding the date of this prospectus, Mr. YP Cheung has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Independent non-executive Directors

Mr. GOH Choo Hwee (吳慈飛) aged 41
Independent non-executive Director

Mr. Goh was appointed as an independent non-executive Director of our Company with effect from November 5, 2012. Mr. Goh is the chairman of our remuneration committee and a member of our audit and nomination committee.

Mr. Goh is a practicing solicitor in Hong Kong and has accumulated over ten years of experience in corporate and securities legal practice. He was admitted to practice law as a solicitor in Hong Kong in July 1997 and has been a member of The Law Society of Hong Kong since.

Mr. Goh has been a partner and a practicing solicitor of Ma Tang & Co., since September 2012. Prior to his current position, he had served as a partner and a practicing solicitor of Tsun & Partners since February 2004. His experience in corporate governance and management of listed companies include his current appointments as an independent non-executive director and a member of the audit, nomination and remuneration committee of PME Group Limited, the shares of which are listed on the Stock Exchange (stock code: 379). Both appointments took effect from January 2012. From December 2007 to November 2011, Mr. Goh was also an independent non-executive director of China Mining Resources Group Limited, the shares of which are listed on the Stock Exchange (stock code: 340).

Mr. Goh graduated from The Chinese University of Hong Kong in December 1993 with a Bachelor's degree in Arts. He subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong in June 1995. Our Directors confirm that, during the one year immediately prior to Mr. Goh's appointment as an independent non-executive Director, none of Mr. Goh, Ma Tang & Co., and Tsun & Partners has been providing professional services to our Company, members of our Group, our Controlling Shareholders, or any of their respective

DIRECTORS AND SENIOR MANAGEMENT

associates. Save as disclosed above, in the three years immediately preceding the date of this prospectus, Mr. Goh has not been a director of a public company the securities of which are listed on a securities exchange in Hong Kong or overseas.

Mr. WONG Chi Kin (黃志堅) aged 39
Independent non-executive Director

Mr. Wong was appointed as an independent non-executive Director of our Company with effect from November 5, 2012. Mr. Wong is the chairman of our nomination committee and a member of our audit committee and remuneration committee. Mr. Wong has over 15 years of extensive experience in the areas of banking and corporate finance and also has accounting experience with various international banks and a company listed in the United Kingdom. He is a fellow member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a Certified Practising Accountant of CPA Australia.

Mr. Wong worked as the deputy chief financial officer from April 2011 to September 2011 of China Qinfu Group Limited, the shares of which are listed on the Stock Exchange (stock code: 866). He has served as its company secretary and authorized representative since July 2011 and its chief financial officer since September 2011.

Mr. Wong obtained a Bachelor of Science (Honours) degree in Finance from The City University of Hong Kong in December 1996, a Master's Degree in Practising Accounting from Monash University, Australia, in November 2001 and a Master of Business Administration degree (Executive MBA Programme) from The Chinese University of Hong Kong in December 2010.

During the three years immediately preceding the date of this prospectus, Mr. Wong has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. YIM Kwok Man (嚴國文) aged 44
Independent non-executive Director

Mr. Yim was appointed as an independent non-executive Director of our Company with effect from November 5, 2012. Mr. Yim is the chairman of our audit committee. Mr. Yim has over 17 years of extensive experience in the areas of corporate finance, debt and equity capital markets, asset management and merger and acquisition advisory in Asia, in particular in Hong Kong and the PRC. He is a fellow member of The Association of Chartered Certified Accountants (FCCA) and a member of The Hong Kong Institute of Certified Public Accountants (HKICPA). Mr. Yim is a registered responsible officer of type 6 activities (advising on corporate finance), and was a registered representative of type 4 activities (advising on securities) and type 9 activities (asset management) with the SFC until August 2011.

Mr. Yim served as a director of Galaxy Asset Management (H.K.) Limited and worked with various international financial institutions and investments banks from 1994 to 2011, including Rabobank International Hong Kong Branch, DBS Asia Capital Limited and CITIC Capital Markets Holdings Limited. He currently serves as a director of Odysseus Capital Asia Limited.

Mr. Yim graduated with a Bachelor of Engineering degree in Civil Engineering from the Hong Kong Polytechnic in November 1991. He completed a Master of Business Administration exchange program at the John E. Anderson Graduate School of Management, University of California, Los Angeles (UCLA), USA in 1993 and obtained a Master's degree in Business Administration (MBA) from The Chinese University of Hong Kong in December 1994.

DIRECTORS AND SENIOR MANAGEMENT

During the three years immediately preceding the date of this prospectus, Mr. Yim has served as a non-executive director of Eternite International Company Limited (currently known as Larry Jewelry International Company Limited), the shares of which are listed on the Stock Exchange (stock code: 8351).

SENIOR MANAGEMENT

The following table sets forth information regarding members of our senior management. Our senior management members are responsible for the day-to-day management of our Company's business.

Unless otherwise stated below, none of the members of our senior management has been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of Appointment</u>
LOCK Kwok On Anthony (駱國安)	51	Chief Executive Officer	July 1, 2011
LI Tsau Ha (李楸夏)	50	Group General Manager	September 26, 2009
YANG Dong John (楊東)	38	Chief Financial Officer; Company Secretary	June 4, 2012
LAW Cho Yan (羅祖恩)	52	Chief Operation Officer	May 17, 2012

Mr. LOCK Kwok On Anthony (駱國安) aged 51
Chief executive officer

Mr. Lock is the chief executive officer of our Company and assists our Directors in the overall management and daily operations of our Group. He joined our Group in May 2010.

Mr. Lock is one of the founding members of the Hong Kong Professionals and Senior Executives Association and Chairman of the Hong Kong Federation of Restaurants and Related Trades (香港餐飲聯業協會) from September 2008 to December 2011 and became its present President in December 2011 and is widely recognized in the restaurant industry. He is currently a member of the Chinese Cuisine Training Institute Training Board of the Vocational Training Council and has been a non-official member of the Business Facilitation Advisory Committee of the Economic Analysis and Business Facilitation Unit since January 2012. Mr. Lock also serves as a member of the Chinese Catering Qualifications Framework Advisory Committee (教育局中式飲食業資歷架構諮詢委員會會員).

Prior to joining our Group in 2010, Mr. Lock was the founder of California Red Limited and served as its chief executive officer. Mr. Lock was also the co-chairman of the Smoke-free Restaurants Working Group and Convener of the Catering Entertainment Premises Smoking Ban Regulations Concern Group in 2006. Mr. Lock received a Master of Business Administration degree (Executive MBA Programme) from The Chinese University of Hong Kong in September 2010. With his previous and current positions within our Group and other institutions, Mr. Lock has accumulated around 20 years of extensive experience in the restaurant and entertainment industry in Hong Kong. Mr. Lock had disposed of his interests in California Red Limited in 2010. For details, see "D. Further information about Directors, Management and Staff — 3. Disclosure required under Rule 13.51(2) of the Listing Rules" in Appendix IV to this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

Ms. LI Tsau Ha (李楸夏) aged 50
Group general manager

Ms. Li is our Group general manager and is responsible for the execution of the daily business operations of our Group. Ms. Li joined our Group in September 2009. Ms. Li has ten years of experience in general management and is a member of the Hong Kong Federation of Restaurants and Related Trades, The Association for Hong Kong Catering Services Management Limited and the Hong Kong Institute of Human Resource Management. Ms. Li oversees the administration and human resources department.

Prior to joining our Group, she was the manager at New Gem Property Management & Agency Limited between June 2002 to March 2003 and was the senior manager between April 2003 to February 2005. Ms. Li subsequently served as an administration and human resources director of California Red Limited from March 2005 to September 2009. Ms. Li completed the Basic Food Hygiene Certificate for Food Hygiene Managers organized by Hong Kong Christian Service, Kwun Tong Vocational Training Centre in July 2012.

Ms. Li was an adjudicator at the Immigration Tribunal and the Appeal panel on Housing of HKSAR. Ms. Li received a Master of Business Administration degree from University of South Australia in October 2009.

Mr. YANG Dong John (楊東) aged 38
Chief financial officer and company secretary

Mr. Yang was appointed as our chief financial officer with effect from June 4, 2012. He concurrently serves as our company secretary and is primarily responsible for overseeing our Group's finance functions as well as specific finance projects.

Mr. Yang has been a member of The Hong Kong Institute of Certified Public Accountants since 2003 and a non-practicing member of The Chinese Institute of Certified Public Accountants since 2011. Over the course of his career, Mr. Yang has accumulated over ten years of extensive experience in auditing, consolidated accounting and financial management.

Prior to joining our Group, Mr. Yang was the chief financial officer and company secretary at Wedding Banquet Specialist (煌府婚宴專門店). He spent over ten years at KPMG's Hong Kong and Beijing offices. During his service at KPMG, Mr. Yang was involved in numerous auditing projects involving listed companies on the Stock Exchange. Mr. Yang graduated from The City University of Hong Kong in November 1999 with a Bachelor's degree in Business Administration (Accountancy).

Mr. LAW Cho Yan (羅祖恩) aged 52
Chief operation officer

Mr. Law was appointed as our chief operation officer with effect from May 17, 2012. He is primarily responsible for our operations in the PRC.

Mr. Law has been a fellow of The Chartered Association of Certified Accountants since 1996 and an associate of The Hong Kong Institute of Certified Public Accounts since 1995. Mr. Law has accumulated over 15 years of extensive experience in accounting, finance and general compliance matters.

Prior to joining our Group, Mr. Law was the head of finance (Greater China) of BASF Care Chemicals (Shanghai) Co., Ltd. (formerly known as Cognis Chemicals (China) Co. Ltd.), where he worked from March 1996 to February 2012.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Law graduated from Middlesex Polytechnic (currently known as Middlesex University) in the United Kingdom with an Accountancy Foundation Course certificate in Fundamentals of Accountancy in July 1982.

COMPANY SECRETARY

Pursuant to Rule 3.28 and Rule 8.17 of the Listing Rules, the secretary of our Company must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary. The Stock Exchange considers (a) an ordinary member of The Hong Kong Institute of Company Secretaries, (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) as acceptable academic or professional qualifications.

We have appointed Mr. YANG Dong John as company secretary. See “— Senior management” in this section above for his biographical details.

BOARD COMMITTEES

Audit committee

Our Company established an audit committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules pursuant to a resolution of our Directors passed on November 5, 2012. The primary duties of our audit committee are to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of our Company. At present, our audit committee comprises of Mr. Yim, Mr. Goh and Mr. Wong. Mr. Yim is the chairman of the audit committee.

Remuneration committee

Our Company established a remuneration committee on November 5, 2012 with written terms of reference in compliance with Rule 3.26 of the Listing Rules and paragraph B1 of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules. The functions of this committee include the formulation and the recommendation to the Board on our Company's policies and structures for the remuneration of all of our Directors and senior management of our Company, the establishment of a formal and transparent procedure for developing policy on remuneration, the determination of specific remuneration packages of all executive Directors and senior management in the manner specified in the terms of reference, the recommendation to the Board of the remuneration of non-executive Directors, review and approval of performance-based remuneration, and review and recommendation to our Shareholders as to the fairness and reasonableness of the terms of any Director's service agreement which is subject to the prior approval of our Shareholders in any general meeting pursuant to the Listing Rules.

The remuneration committee comprises of Mr. Goh, Mr. Wong and Mr. Lee. Mr. Goh is the chairman of the remuneration committee.

DIRECTORS AND SENIOR MANAGEMENT

Nomination committee

Our Company established a nomination committee on November 5, 2012 with written terms of reference in compliance with paragraph A5 of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules. The primary functions of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The nomination committee comprises of Mr. Wong, Mr. Goh and Mr. Lee. Mr. Wong is the chairman of the nomination committee.

Corporate Governance

We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole. To accomplish this, we will comply with the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules after the Listing.

Compliance adviser

Our Company has appointed Fortune Financial Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be of a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchase;
- (iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an enquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of appointment our compliance adviser shall commence on the Listing Date and end on the date of despatch of our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

As required by PRC regulations, we participate in various employee benefit plans organized by municipal and provincial governments, including pension insurance, work-related injury benefits, maternity insurance, medical insurance, unemployment benefit plans and housing funds. We are required under PRC law to make contributions to the employee benefit plans for our employees at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. During the Track Record Period, the costs involved in the contribution to these employee benefit plans for our Directors were HK\$60,000, HK\$60,000, HK\$60,000 and HK\$15,000, respectively, for each of the three financial years ended March 31, 2012 and the three months ended June 30, 2012.

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, the aggregate amount of fees and salaries paid by our Group to our Directors were HK\$4.1 million, HK\$4.1 million, HK\$4.2 million and HK\$1.1 million, respectively, for each of the three financial years ended March 31, 2012 and the three months ended June 30, 2012.

Our Directors' remuneration is determined with reference to salaries paid by comparable companies, their experience, their responsibilities and their performance.

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 or the five highest paid individuals for each of the three financial years ended March 31, 2012 for the loss of any office in connection with the management of the affairs of any subsidiary in our Group. In addition, none of our Directors waived any emoluments for any of the last three years.

Save as disclosed in the above paragraphs, 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.

Under the remuneration policy of our Company, the remuneration committee of our Board will consider factors such as salaries paid by comparable companies, time commitment, responsibilities and performance of our Directors and senior management as the case may be, in assessing the amount of remuneration payable to our Directors and such employees. It is estimated that under the arrangements currently in force, the aggregate remuneration of the Directors payable in respect of the financial year ending March 31, 2013 is estimated to be approximately HK\$7.5 million.

Our remuneration committee will periodically review the compensation levels of key executives of our Group. Based on our Group's performance and the executives' respective contribution to our Group, our remuneration committee may, within the aggregate remuneration amount having been approved by a Shareholders' meeting of our Company, make recommendations to our Board of Directors as to salary increases or payment of discretionary bonuses.

DISCLOSURE REQUIRED UNDER RULE 13.51(2) OF THE LISTING RULES

Country Rank International Limited

Mr. Lee and Mr. Ho were directors of Country Rank International Limited ("Country Rank"), a company incorporated in Hong Kong and wound-up in April 1998 pursuant to section 177 of the Companies Ordinance as a result of a creditor's petition. Given that (i) the winding-up of Country Rank has lapsed a significant period of over 14 years and none of Mr. Lee, Mr. Ho and Country Rank is subject to any legal liabilities in connection with its winding-up under the Limitation Ordinance (Chapter 347 of the Laws of Hong Kong); and (ii) the winding-up order and creditor's petition against Country Rank did not and will not restrict Mr. Lee and Mr. Ho from acting as Directors, our Directors are of the view that it would not affect Mr. Lee's and Mr. Ho's suitability as Directors. See "D. Further Information About Directors, Management and Staff — 3. Disclosure required under Rule 13.51(2) of the Listing Rules" in Appendix IV to this prospectus for further details.

DIRECTORS AND SENIOR MANAGEMENT

Silver Success Asia Limited

Mr. Lock is one of the defendants of an alleged claim initiated by Silver Success Asia Limited (“Silver Success”) in February 2011. Based on publicly available legal documentation, the alleged claim is a commercial dispute over a share sale agreement dated March 1, 2010 entered into between Silver Success and the then shareholders of California Red Limited, of which Mr. Lock is one of the defendants. According to the writ of summons dated February 28, 2011, the alleged claim amounted to about HK\$8.13 million in aggregate. We have been advised by the legal advisers of Mr. Lock that the said dispute does not involve any claims in the nature of dishonesty, fraud or breach of fiduciary duties on the part of Mr. Lock. On the basis of this advice and that no judgment or order has been made against Mr. Lock, our Directors are of the view that the said dispute would not affect Mr. Lock’s competence and suitability to act as a member of our senior management. See “D. Further Information About Directors, Management and Staff — 3. Disclosure required under Rule 13.51(2) of the Listing Rules” in Appendix IV to this prospectus for further details.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme), the following persons will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Number of securities held	Approximate shareholding percentage in our Company (%)
Mr. Lee (2)	Interests held jointly with another person; interest in a controlled corporation	937,956,000 (L)	70.35%
Ms. CHAN Choi Fung (4)	Interest of spouse	937,956,000 (L)	70.35%
Mr. Ho (2)	Interests held jointly with another person; interest in a controlled corporation	937,956,000 (L)	70.35%
Ms. TAI Ngan Har Talia (5)	Interest of spouse	937,956,000 (L)	70.35%
Cui Fa (3)	Beneficial owner	789,092,000 (L)	59.18%
Mr. YP Cheung (2)	Interests held jointly with another person	937,956,000 (L)	70.35%
Ms. LAM Hiu Man (6)	Interest of spouse	937,956,000 (L)	70.35%
Mr. YT Cheung (2)	Interests held jointly with another person; interest in a controlled corporation	937,956,000 (L)	70.35%
Ms. WONG Yung Kuen (7)	Interest of spouse	937,956,000 (L)	70.35%
Mr. WK Cheung (2)	Interests held jointly with another person; interest in a controlled corporation	937,956,000 (L)	70.35%
Ms. WOO Chun Li (8)	Interest of spouse	937,956,000 (L)	70.35%

Notes:

- (1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
- (2) Our Company is held as to approximately 59.18%, 6.41% and 4.76%, respectively, by Cui Fa, Ample Favour and Victor Leap immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme). Cui Fa is held as to approximately 48.19%, 37.35% and 14.46% by Mr. Lee, Mr. Ho and Mr. YT Cheung,

SUBSTANTIAL SHAREHOLDERS

respectively. Ample Favour is wholly-owned by Mr. WK Cheung and Victor Leap is wholly-owned by Mr. YP Cheung. Pursuant to the Acting in Concert Confirmation, each of Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. YP Cheung, and Mr. WK Cheung (the “Core Shareholders”) have agreed to jointly control their respective interests in our Company and decisions as to the business and operations of our Group shall be in accordance with the unanimous consent of all Core Shareholders. Each of the Core Shareholders shall exercise their respective voting rights in our Company in the same way. Hence, each of the Core Shareholders is deemed to be interested in all the Shares held by the Core Shareholders in aggregate by virtue of the SFO.

- (3) Cui Fa is directly interested in approximately 59.18% in our Company (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme) immediately upon the completion of the Global Offering and the Capitalization Issue.
- (4) Ms. CHAN Choi Fung is the spouse of Mr. Lee. Under the SFO, Ms. CHAN Choi Fung is deemed to be interested in the same number of Shares in which Mr. Lee is interested.
- (5) Ms. TAI Ngan Har Talia is the spouse of Mr. Ho. Under the SFO, Ms. TAI Ngan Har Talia is deemed to be interested in the same number of Shares in which Mr. Ho is interested.
- (6) Ms. LAM Hiu Man is the spouse of Mr. YP Cheung. Under the SFO, Ms. LAM Hiu Man is deemed to be interested in the same number of Shares in which Mr. YP Cheung is interested.
- (7) Ms. WONG Yung Kuen is the spouse of Mr. YT Cheung. Under the SFO, Ms. WONG Yung Kuen is deemed to be interested in the same number of Shares in which Mr. YT Cheung is interested.
- (8) Ms. WOO Chun Li is the spouse of Mr. WK Cheung. Under the SFO, Ms. WOO Chun Li is deemed to be interested in the same number of Shares in which Mr. WK Cheung is interested.

Save as disclosed in this paragraph, our Directors are not aware of any persons who will, immediately following completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme), have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

The authorized and issued share capital of our Company is as follows:

<i>Authorized share capital:</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares of HK\$0.01 each	<u>100,000,000</u>

Assuming the Over-allotment Option is not exercised, the issued share capital of our Company immediately following completion of the Global Offering and Capitalization Issue will be as follows (without taking into account any Shares which may be issued and allotted pursuant to any exercise of the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme):

<i>Issued and to be issued, fully paid or credited as fully paid:</i>	<i>HK\$</i>
200,000,000 Shares in issue at the date of this prospectus	2,000,000
800,000,000 Shares to be issued pursuant to the Capitalization Issue	8,000,000
333,334,000 Share to be issued pursuant to the Global Offering (excluding any Shares which may be issued under the Over-allotment Option)	3,333,340
<u>1,333,334,000</u> Shares	<u>13,333,340</u>

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately following completion of the Global Offering and Capitalization Issue will be as follows (without taking into account any Shares which may be issued and allotted pursuant to any exercise of the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme):

<i>Issued and to be issued, fully paid or credited as fully paid:</i>	<i>HK\$</i>
200,000,000 Shares in issue at the date of this prospectus	2,000,000
800,000,000 Shares to be issued pursuant to the Capitalization Issue	8,000,000
383,334,000 Shares to be issued pursuant to the Global Offering (inclusive of any Shares which may be issued under the Over-allotment Option)	3,833,340
<u>1,383,334,000</u> Shares	<u>13,833,340</u>

Assumptions

This table assumes the Global Offering has become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account (a) Shares which may be allotted and issued upon the exercise of options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme; or (b) of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

Ranking

The Offer Shares and the Shares that may be issued pursuant to the Over-allotment Option shall rank *pari passu* with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus except for the Capitalization Issue.

SHARE CAPITAL

Capitalization Issue

Pursuant to the written resolutions of our Shareholders passed on November 5, 2012, conditional upon the share premium account of our Company being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 800,000,000 Shares credited as fully paid at par to the Shareholders whose names appear on the register of members of our Company at close of business on November 2, 2012 in proportion to their respective shareholdings by way of capitalization of the sum of HK\$8,000,000 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to the Capitalization Issue shall rank *pari passu* in all respects with the existing issued Shares.

Pre-IPO Share Option Scheme

Our Company has adopted the Pre-IPO Share Option Scheme on November 5, 2012. The principal terms of the Pre-IPO Share Option Scheme is set out in “E. Share option schemes — Pre-IPO Share Option Scheme” in Appendix IV to this prospectus.

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme on November 5, 2012. A summary of the principal terms of the Share Option Scheme is set out in “E. Share option schemes — Share Option Scheme” in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted with a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue; and
- (b) the aggregate nominal value of share capital of our Company repurchased by our Company, if any, under the general mandate to repurchase Shares referred to below.

The aggregate nominal value of the Shares which our Directors are authorized to allot and issue under this mandate will not be reduced by the allotment and issue of Shares pursuant to (i) a rights issue, or (ii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association; or (iii) any specific authority granted by the Shareholders in general meeting(s); or (iv) the exercise of options which may be granted under the Share Option Scheme or any arrangement which may be regulated under Chapter 17 of the Listing Rules.

This mandate will expire at the earliest of:

- (a) the conclusion of our Company’s next annual general meeting; or
- (b) the expiration of the period within which our Company is required by the applicable Cayman Islands law or the Articles of Association to hold its next annual general meeting; or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

SHARE CAPITAL

For further details of this general mandate, see “A. Further Information about our Company — 4. Written resolutions of our Shareholders passed on November 5, 2012” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted with a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue following the completion of the Global Offering and the Capitalization Issue.

This mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in “A. Further Information about our Company — 6. Repurchase by our Company of its own securities” in Appendix IV to this prospectus.

This mandate will expire at the earliest of:

- (a) the conclusion of our Company’s next annual general meeting; or
- (b) the expiration of the period within which our Company is required by the applicable Cayman Island law or the Articles of Association to hold its next annual general meeting; or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, see “A. Further Information about our Company — 4. Written resolutions of our Shareholders passed on November 5, 2012” in Appendix IV to this prospectus.

CORNERSTONE PLACING

As part of the International Placing, we have entered into cornerstone placing agreements with LT Growth Investment XV Limited (“LT”) and Prax Capital China Growth Fund III, L.P. (“Prax”).

LT has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) that may be subscribed for an aggregate amount of approximately US\$10 million (translated into Hong Kong dollars (excluding brokerage, fee and levy) based on the spot rate quoted by Bloomberg (USD-HKD Spot Exchange Rate page) for US dollars at 8:00 a.m. Hong Kong time on the Price Determination Date). Assuming an Offer Price of HK\$2.08 (being the mid-point of the estimated Offer Price range stated in this prospectus and assuming an exchange rate of US\$1.00 = HK\$7.7572), the total number of Offer Shares that LT would subscribe for would be approximately 37,294,000 Offer Share, representing approximately 11.2% of the total number of Offer Shares initially available under the Global Offering and approximately 2.8% of our entire issued share capital immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be allotted and issued pursuant to any exercise of the Over-allotment Option and the options which have been or may be issued under the Pre-IPO Share Option Scheme and the Share Option Scheme).

Prax has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) that may be subscribed for an aggregate amount of approximately US\$10 million (translated into Hong Kong dollars (excluding brokerage, fee and levy) based on the spot rate quoted by Bloomberg (USD-HKD Spot Exchange Rate page) for US dollars at 8:00 a.m. Hong Kong time on the Price Determination Date). Assuming an Offer Price of HK\$2.08 (being the mid-point of the estimated Offer Price range stated in this prospectus and assuming an exchange rate of US\$1.00 = HK\$7.7572), the total number of Offer Shares that Prax would subscribe for would be approximately 37,294,000 Offer Share, representing approximately 11.2% of the total number of Offer Shares initially available under the Global Offering and approximately 2.8% of our entire issued share capital immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be allotted and issued pursuant to any exercise of the Over-allotment Option and the options which have been or may be issued under the Pre-IPO Share Option Scheme and the Share Option Scheme).

Our Cornerstone Investors and their ultimate beneficial owners are Independent Third Parties and are not our connected persons. Details of the actual number of Offer Shares expected to be allocated to our Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on Friday, November 23, 2012. Our Cornerstone Investors and their associates will not subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone placing agreements. The Offer Shares to be subscribed for by our Cornerstone Investors will rank *pari passu* in all respects with other fully paid Shares in issue and will be counted as part of the public float of our Company. Immediately following the completion of the Global Offering, our Cornerstone Investors will not have any representation on our Board, nor will it become our substantial Shareholders.

The Offer Shares to be subscribed for by our Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the Hong Kong Public Offer and the International Placing set out in “Structure and Conditions of the Global Offering” in this prospectus.

OUR CORNERSTONE INVESTORS

LT is a wholly-owned subsidiary of Capital Today China Growth Fund II, L.P. (“Capital Today China Growth Fund II”), an exempted limited partnership established under the laws of the Cayman Islands. Capital Today group currently has over US\$680 million of assets under

CORNERSTONE PLACING

management. Capital Today group's principal investment focus is to make growth-stage investments in businesses serving middle class consumers in China, with particular emphasis on the consumer branding, retail and internet sectors. Capital Today group is dedicated to providing growth capital to such businesses to help them build leading brands in the PRC.

Ms. Kathy XU is the founder and managing partner of Capital Today group. Ms. Xu has over 17 years' experience in private equity investment in the PRC and has a proven investment record. She has led several successful investments in the PRC including 360buy.com, Tudou.com, Netease.com, Inoherb Skincare Co.,Ltd, YiFeng Pharmacy chain and City Bra chain. Ms. Xu was selected as one of the "China Top 10 Venture Capitalists" by Forbes in 2008, 2009 and 2011, and as one of the 25 most influential people in Asia ("2004 Stars of Asia") by Business Week.

Prax is a Cayman Islands limited partnership focused on private equity investments in the PRC. Prax has a proven track record investing in restaurant and consumer services industries. Its past and present portfolio companies include Little Sheep Group Limited, a well-known hotpot restaurant chain in the PRC; Kelti International (China) Co., Ltd., a beauty product company with strong brand-recognition and close to 3,000 salons throughout the PRC; and China Yongda Automobile Services Holdings Limited, one of the top luxury automobile dealerships in the PRC. Based in Shanghai Prax emphasizes heavily on post-investment management based on the founders' management experience and operational expertise and the team's strength in investment transactions and financial advisory services. Mr. Jeff YAO, managing partner, has been exploring opportunities and operating businesses in Asia since the 1980's and has been recognized locally and internationally as one of the top investors in the PRC by publications and industry associations.

CONDITIONS PRECEDENT

The obligations of our Cornerstone Investors to subscribe for the Offer Shares are subject to, among other things, the following conditions precedent:

- (a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement shall have been entered into and become effective and all of the conditions precedent to completion set forth therein shall have been satisfied in accordance with their respective original terms (or as subsequently waived, to the extent it may be waived, by the relevant parties thereto) by no later than the respective time and date specified therein;
- (b) the Offer Price having been agreed by the Sole Global Coordinator (on behalf of the Underwriters) and our Company in connection with the Global Offering;
- (c) neither of the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been terminated in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto;
- (d) the Listing Committee of the Stock Exchange having granted or agreeing to grant the Listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and that such approval or permission has not been revoked; and
- (e) no applicable laws, rules, statutes, ordinances, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees or rulings have been enacted or promulgated which prohibits the consummation of the closing of the cornerstone

CORNERSTONE PLACING

investor agreements and there shall be no order or injunction of a court of competent jurisdiction in effect precluding or prohibiting consummation of the closing of the cornerstone investor agreements.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

LT has agreed that, without the prior written consent of our Company, the Sole Sponsor and the Sole Bookrunner, it will not, directly or indirectly, at any time during the period of twelve months following the Listing Date, dispose of any of the Shares or agree or contract to do, or publicly announce any intention to enter into, any transaction for the disposal of the Shares pursuant to the cornerstone placing agreement.

Prax has agreed that, without the prior written consent of our Company and the Sole Bookrunner, it will not, whether directly or indirectly, at any time during the period of twelve months following the Listing Date, dispose of any of the Shares or agree or contract to do, or publicly announce any intention to enter into, any transaction for the disposal of the Shares pursuant to the cornerstone placing agreement.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information, including the notes thereto, as set forth in the Accountants' Report included as Appendix I to this prospectus, and our selected historical consolidated financial information and operating data included elsewhere in this prospectus. Our consolidated financial information has been prepared in accordance with HKFRS.

The following discussion and analysis contains certain forward-looking statements and are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual results, outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. See the sections headed "Risk Factors" and "Forward-looking Statements" for discussions of those risks and uncertainties.

OVERVIEW

We are the leading *Cha Chaan Teng* (茶餐廳) chain owner and operator in Hong Kong based on revenue and number of seats in 2011, according to the Frost & Sullivan Report. As at the Latest Practicable Date, we own and operate all of our 26 restaurants⁽¹⁾ under our  翠華餐廳 "Tsui Wah (翠華)" brand, including 21 restaurants in Hong Kong, four restaurants in China and one restaurant in Macau. Over our 23 years of operating history under the control of the Core Shareholders, we have successfully built up our  翠華餐廳 "Tsui Wah (翠華)" brand to represent delicious, quality, safe and fresh *Cha Chaan Teng* cuisine. We expanded into the PRC in 2009.

We have been able to successfully apply the concept of a central kitchen to operating our restaurants. We commenced use of a central kitchen in Hong Kong in 2008. Our central kitchen centralizes, for our operations, the production and distribution of semi-processed or processed food ingredients, including fish balls, meats, soups and sauces, and prepares the proprietary seasonings and spices used in our dishes. For the year ended March 31, 2012, approximately 50% of the semi-processed or processed food ingredients used in our Tsui Wah restaurants are prepared at our central kitchen.

With the success of our  翠華餐廳 "Tsui Wah (翠華)" brand, we currently operate a quick service restaurant at the Hong Kong International Airport under the "Tsui Wah EATery" sub-brand through which we gain exposure among travelers. We launched a pilot restaurant in December 2011 in Hong Kong under a new sub-brand "Tsui Wah Concept (翠華 Concept)", which offers a more limited yet diverse menu in a smaller restaurant footprint than our Tsui Wah restaurants. With "Tsui Wah Concept (翠華 Concept)", we target a younger demographic, and areas where we have not located our larger, Tsui Wah restaurants such as shopping malls and certain residential neighborhoods.

As the leading *Cha Chaan Teng* chain owner and operator in Hong Kong, we intend to replicate our success in certain affluent regions in the PRC, including Shanghai, Shenzhen and Guangzhou. We plan to expand into new markets in the PRC based on a hub-and-spoke strategy. Under this strategy, we seek to initially establish flagship restaurants in key economic locations or high-traffic areas in each new city or targeted district to generate brand recognition and establish a customer base. After building up a sufficient customer base and a number of flagship restaurants, we then establish a central kitchen, which serves as the "hub", to allow for

⁽¹⁾ Includes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

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greater economies of scale and consistency of food quality through centralized food preparation, procurement and logistics functions. We leverage these centralized functions to support the flagship restaurants and new restaurants added in neighboring areas, i.e., the “spokes”.

We plan to open approximately five, eight and 11 new restaurants in the PRC in each of the three years ending March 31, 2015, respectively. Of the new restaurants expected to open in the PRC in the year ending March 31, 2013, four are expected to be located in the Yangtze River Delta and one is expected to be located in Central China, respectively. Of the eight new restaurants expected to open in the PRC in the year ending March 31, 2014, five are expected to be located in the Yangtze River Delta, two are expected to be located in Southern China and one are expected to be located in Central China, respectively. Of the 11 new restaurants expected to open in the PRC in the year ending March 31, 2015, five are expected to be located in the Yangtze River Delta, five are expected to be located in Southern China and one is expected to be located in Central China, respectively. To support our planned expansion in the PRC, we expect our first central kitchen in Shanghai to become operational in the year ending March 31, 2014.

In Hong Kong, we intend to pursue a multi-channel penetration by opening new Tsui Wah restaurants, expanding our delivery services and exploring catering services. We plan to open five, four and four new Tsui Wah restaurants in each of the three years ending March 31, 2013, 2014 and 2015 in Hong Kong, respectively. We intend to strengthen our existing delivery services from our Tsui Wah restaurants by purchasing additional motor vehicles and hiring more delivery drivers. In addition, we plan to open delivery centers in new locations to expand the geographic penetration of our existing delivery services. Currently, we expect to open one, three and three delivery centers in each of the three years ending March 31, 2013, 2014 and 2015, respectively. Given the depth of our experience in the restaurant industry, we intend to expand into the catering services industry. To support our planned expansion in Hong Kong, we expect our second central kitchen in Hong Kong to become operational in the year ending March 31, 2014.

Our revenue⁽¹⁾ increased by 35.9% from HK\$440.0 million for the year ended March 31, 2010 to HK\$598.0 million for the year ended March 31, 2011, by 27.5% from HK\$598.0 million for the year ended March 31, 2011 to HK\$762.8 million for the year ended March 31, 2012, and by 33.7% from HK\$167.3 million for the three months ended June 30, 2011 to HK\$223.6 million for the three months ended June 30, 2012. Our profit attributable to owners of our Company increased by 20.6% from HK\$53.8 million for the year ended March 31, 2010 to HK\$64.9 million for the year ended March 31, 2011, by 60.1% from HK\$64.9 million for the year ended March 31, 2011 to HK\$103.9 million for the year ended March 31, 2012, and by 25.2% from HK\$19.1 million for the three months ended June 30, 2011 to HK\$24.0 million for the three months ended June 30, 2012.

BASIS OF PRESENTATION

The Reorganization has been undertaken in preparation of the Global Offering. We have accounted for the Reorganization on the basis of merger accounting for common control combination. Accordingly, our financial information includes (i) results of all companies now comprising the Group from the beginning of the Track Record Period, or since the respective dates when the companies now comprising our Group were incorporated or established, whichever is later, and (ii) the results of Joy Express for the period from the beginning of the Track Record Period to September 30, 2009.

⁽¹⁾ Excludes our share of results from the two restaurants operated by our Jointly-Controlled Entities.

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Joy Express is a limited liability company incorporated prior to the Track Record Period and wholly-owned by the Controlling Shareholders. Joy Express was engaged in the “*Cha Chaan Teng* (茶餐廳)” business of the Group from the beginning of the Track Record Period to September 30, 2009, the date it ceased involvement in the business of the Group, and thereafter has been engaged in the property investment business. Accordingly, the results, cash flows, assets and liabilities of Joy Express have been consolidated with our financial information for the respective period, and the net assets retained by Joy Express on October 1, 2009 were derecognized as the entire equity interests in Joy Express were deemed to have been distributed to the Controlling Shareholders. Our Directors confirm that none of the net assets derecognized were related to the “*Cha Chaan Teng* (茶餐廳)” business. The net assets retained by Joy Express on October 1, 2009 comprised solely of a real property and did not include any assets relating to the *Cha Chaan Teng* business.

The consolidated statements of financial positions of our Group as at March 31, 2010, 2011 and 2012 and June 30, 2012 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the Controlling Shareholders’ perspective. No adjustments have been made to reflect fair values or recognize any new assets or liabilities as a result of the Reorganization.

FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in “Risk Factors” in this prospectus and those set out below.

Number of Restaurants in Operation

We generate substantially all of our revenue from food and beverage sales at our restaurants. Food and beverage sales are affected by the number of our restaurants in operation and the number of total operating days of our restaurants. Accordingly, restaurant openings and closings substantially affect our revenue growth.

The following table sets forth the number of our restaurants⁽¹⁾ in operation, by geographical region, as of the dates indicated.

	As of March 31,			As of June 30,	As of the Latest Practicable Date
	2010	2011	2012	2012	
Number of Restaurants:					
Hong Kong	12	15	18	19	20
China	1	2	2	4	4
Total	13	17	20	23	24

From the beginning of the Track Record Period on April 1, 2009 to the Latest Practicable Date, we closed one restaurant in Hong Kong in January 2011, which was consolidated with another restaurant on the same street after we secured a larger premise.

⁽¹⁾ Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

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The table below sets forth a breakdown by revenue⁽¹⁾ and number of restaurants⁽²⁾ for our restaurants in operation throughout each period indicated, restaurants newly opened and restaurants closed during the applicable period.

	Restaurants in operation throughout the period	Restaurants newly opened during the period	Restaurants closed during the period	Total
(HK\$'000, except number of restaurants)				
Year ended March 31, 2010				
Revenue	400,471	35,300	—	435,771
Percentage of total revenue	91.9%	8.1%	—	100%
Number of restaurants	12	1	—	13
Year ended March 31, 2011				
Revenue	481,714	101,999	8,962	592,675
Percentage of total revenue	81.3%	17.2%	1.5%	100%
Number of restaurants	12	5	1	17
Year ended March 31, 2012				
Revenue	724,787	23,535	—	748,322
Percentage of total revenue	96.9%	3.1%	—	100%
Number of restaurants	17	3	—	20
Three months ended June 30, 2012				
Revenue	210,302	8,733	—	219,035
Percentage of total revenue	96.0%	4.0%	—	100%
Number of restaurants	20	3	—	23

Restaurants incur various costs and expenses before they open and new restaurants generally experience lower results of operations during the first few months of operation due to initially lower sales and higher start-up operating costs. A new restaurant generally requires a period of time from its opening to achieve target performance income. We opened 12 new restaurants⁽³⁾ during the Track Record Period. As at the Latest Practicable Date, nine of these 12 restaurants have achieved breakeven, which we consider to be the point at which the monthly revenue is at least equal to the monthly expenses⁽⁴⁾ of a restaurant. On average, these nine new restaurants⁽⁵⁾ require approximately one to two months to breakeven. The other three new restaurants have not yet achieved breakeven. As at the Latest Practicable Date, six of the 12 new restaurants opened during the Track Record Period have reached the investment payback point, which we consider the amount of time it takes for the accumulated net profit from a restaurant to cover the costs of opening and operating the restaurant up to that point, including incurred capital expenditures and ongoing cash and non-cash operating expenses. The average investment payback period for these six new restaurants opened during that Track Record Period that have reached such point⁽⁶⁾ is approximately 12 months. The other six restaurants opened during the Track Record Period have not yet achieved investment payback.

(1) Excludes our share of results from the two restaurants owned by our Jointly-Controlled Entities.
(2) Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.
(3) Excludes one restaurant in Macau owned by one of our Jointly-Controlled Entities.
(4) Monthly expenses include all cash and non-cash operating expenses, namely, cost of inventories sold, staff costs, depreciation, property rentals and related expenses, fuel and utility expenses, advertising and marketing expenses and other operating expenses.
(5) Among these nine restaurants, one was opened during the year ended March 31, 2010, five were opened during the year ended March 31, 2011, one was opened during the year ended March 31, 2012 and two were opened during the three months ended June 30, 2012.
(6) These six restaurants were opened during the two years ended March 31, 2010 and 2011.

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We currently intend to open a total of approximately ten, 12, and 15 new Tsui Wah restaurants for each of the three years ending March 31, 2013, 2014 and 2015, respectively, in Greater China. The proportion of new restaurants we have in operation during any period may affect our overall results of operations.

Comparable Restaurant Sales

Our profitability is affected in part by our ability to successfully grow revenue from our existing restaurants. We believe that comparable restaurant sales provide a meaningful period-to-period comparison of restaurant performance because they exclude increases that are due to the opening of new restaurants. We define our comparable restaurant base to be those restaurants that were open throughout the periods under comparison. For example, the comparable restaurants for the years ended March 31, 2010 and 2011 are restaurants that were open throughout both the year ended March 31, 2010 and the year ended March 31, 2011.

Comparable restaurant sales are primarily affected by the average number of invoices per table per day and the average spending per invoice. We are focused on increasing comparable restaurant sales by driving through a variety of initiatives, including continuously introducing new and innovative menu offerings, upgrading the decoration of existing restaurants and carefully selecting restaurant sites in high-traffic areas.

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The table below sets forth our comparable restaurant sales over the Track Record Period.

	For the year ended March 31,		For the year ended March 31,		For the three months ended June 30,	
	2010	2011	2011	2012	2011	2012
Number of comparable restaurants⁽¹⁾						
Hong Kong	11	11	11	11	15	15
China	—	—	1	1	2	2
<i>Total number</i>	<u>11</u>	<u>11</u>	<u>12</u>	<u>12</u>	<u>17</u>	<u>17</u>
Comparable restaurants sales (HK\$'000)						
Hong Kong	385,850	433,990	433,990	488,220	146,059	166,315
China	—	—	47,724	55,449	18,648	24,789
<i>Total sales</i>	<u>385,850</u>	<u>433,990</u>	<u>481,714</u>	<u>543,669</u>	<u>164,707</u>	<u>191,104</u>
Daily average revenue per comparable restaurant⁽²⁾ (HK\$'000)						
Hong Kong	96	108	108	122	107	122
China	—	—	131	152	102	136
<i>Overall daily average revenue</i>	96	108	110	124	106	124
Percentage increase of comparable restaurants sales during comparable periods						
Hong Kong		12.5%		12.5%		13.9%
China		—		16.2%		32.9%
<i>Overall increase</i>		12.5%		12.9%		16.0%

Average Number of Invoices Per Table Per Day and Average Spending Per Invoice

Our business is significantly affected by changes in the average number of invoices per table per day and average spending per invoice. We record the number of invoices and spending per invoice through our point-of-sale systems. Due to our communal seating arrangement, we can record more than one invoice at one table at a particular time. Accordingly, the average number of invoices per table per day serves as an indicator of guest traffic at our restaurants, and the average spending per invoice serves as an indicator of the amounts our guests are spending per visit (when dining in) or per order (when ordering deliveries and takeaways).

The average number of invoices per table per day and average spending per invoice at our restaurants are affected by various factors, including macroeconomic factors, tourism levels, our menu mix and pricing, changes in discretionary spending patterns and consumer tastes.

⁽¹⁾ Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

⁽²⁾ Daily average revenue per comparable restaurant equals comparable restaurant sales divided by number of comparable restaurants, and then divided by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012.


FINANCIAL INFORMATION

The following table sets forth the average number of invoices per table per day and average spending per invoice for our comparable restaurants during the Track Record Period.

	For the year ended March 31,		For the year ended March 31,		For the three months ended June 30,	
	2010	2011	2011	2012	2011	2012
	Number of comparable restaurants⁽¹⁾					
Hong Kong	11	11	11	11	15	15
China	—	—	1	1	2	2
<i>Total number</i>	11	11	12	12	17	17
Average number of invoices per table per day⁽²⁾						
Hong Kong	21	24	24	25	24	24
China	—	—	7	8	6	7
<i>Overall average number of invoice per table per day</i>	21	24	22	22	20	21
Average spending per invoice⁽³⁾ (HK\$)						
Hong Kong	66	68	68	74	71	74
China	—	—	169	190	193	190
<i>Overall average spending per invoice</i>	66	68	72	80	76	81

The average number of invoices per table per day for our restaurants in China was lower but average spending per invoice for our restaurants in China was higher than our restaurants in Hong Kong during the Track Record Period primarily due to our slightly different market positioning and local customs in China. Our menu pricing for our restaurants in China is generally slightly higher than in Hong Kong. Our customers in China are also not accustomed to communal seating arrangements, thereby reducing the number of invoices per table per day. On the other hand, our customers in China are accustomed to ordering more dishes and more expensive menu items, which increases the average spending per invoice.

Growth of Tourism in Hong Kong

A majority of our Group's revenue was derived from our operations in Hong Kong during the Track Record Period. Given that our  翠華餐廳 "Tsui Wah (翠華)" brand is an iconic brand serving *Cha Chaan Teng* (茶餐廳) cuisine, a significant part of Hong Kong's dining culture, our Directors believe many tourists, particularly PRC tourists, visiting Hong Kong are attracted to our restaurants. The PRC is one of the world's fastest growing major economies and is expected to continue to contribute to tourism markets in Hong Kong and Macau due to the growth in the income levels of PRC consumers. Accordingly, our Group's results are affected by the number of PRC tourists visiting Hong Kong. According to the statistics of the Hong Kong Tourism Board, in 2011, Hong Kong received 42 million visitors from around the world, with an increase of 16.4% over 2010. In 2011, China continued to be the largest source of tourists in Hong Kong

(1) Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.
(2) Average number of invoices per table per day equals the total number of invoices (excluding delivery and takeaway orders) during a period divided by total number of tables in such restaurants, and then divided by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012.
(3) Average spending per invoice equals total sales during a year/period divided by the total number of invoices during such year/period.

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amounting to 28.1 million visitors and representing 67% of the total number of visitors in Hong Kong in 2011. Our Directors believe that spending by tourists from the PRC and the development of tourism in Hong Kong and Macau will continue to have a significant impact on our Group's performance.

Food prices

Our cost of inventories sold is comprised of the cost of all food and beverages used in our operations. Cost of inventories sold is the largest component of our operating expenses. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our cost of inventories sold amounted to HK\$133.7 million, HK\$183.0 million, HK\$236.5 million and HK\$69.1 million, respectively, representing 30.4%, 30.6%, 31.0% and 30.9% of our revenue for each such period. Therefore, food prices have a significant effect on our results of operations.

We purchase raw materials and food ingredients from our suppliers in the PRC as well as from importers in Hong Kong who in turn source raw materials and food ingredients from various overseas countries, including Europe and the United States. Food prices worldwide have generally increased during the Track Record Period. In addition, any appreciation of foreign currencies of countries from which our raw materials and food ingredients are sourced against the Hong Kong dollar increases our purchasing costs. In response to this trend, we have, among other things, refined our menu and increased prices of selected menu items, introduced higher-margin menu items, and enhanced relationships with our major suppliers to secure better pricing. We expect the rising food price trend to continue in the foreseeable future and we will need to constantly monitor and respond to changes in the costs of our raw materials and food ingredients. Our cost of inventories sold as a percentage of revenue will continue to be a key performance indicator of the overall efficiency and profitability of our business operations.

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The following sensitivity analysis illustrates the impact of hypothetical fluctuations in cost of inventories sold on our profit before tax and our profit for the year/period during the Track Record Period. Fluctuations are assumed to be 5.0%, 10.0% and 15.0% for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively, which correspond to the range of historical fluctuations of our cost of inventories sold during the Track Record Period.

Hypothetical Fluctuation	(HK\$'000, except percentages)					
	+5%	-5%	+10%	-10%	+15%	-15%
<i>Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2010</i>						
Change in cost of inventories sold	6,685	(6,685)	13,371	(13,371)	20,056	(20,056)
Change in profit before tax	(6,685)	6,685	(13,371)	13,371	(20,056)	20,056
Change in profit after tax	(5,669)	5,669	(11,338)	11,338	(17,007)	17,007
<i>Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2011</i>						
Change in cost of inventories sold	9,152	(9,152)	18,304	(18,304)	27,456	(27,456)
Change in profit before tax	(9,152)	9,152	(18,304)	18,304	(27,456)	27,456
Change in profit after tax	(7,450)	7,450	(14,899)	14,899	(22,349)	22,349
<i>Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2012</i>						
Change in cost of inventories sold	11,823	(11,823)	23,646	(23,646)	35,469	(35,469)
Change in profit before tax	(11,823)	11,823	(23,646)	23,646	(35,469)	35,469
Change in profit after tax	(9,730)	9,730	(19,461)	19,461	(29,191)	29,191
<i>Impact on Certain Consolidated Income Statement Items for the Three Months Ended June 30, 2012</i>						
Change in cost of inventories sold	3,453	(3,453)	6,906	(6,906)	10,359	(10,359)
Change in profit before tax	(3,453)	3,453	(6,906)	6,906	(10,359)	10,359
Change in profit after tax	(2,845)	2,845	(5,691)	5,691	(8,536)	8,536

Staff Costs

Restaurant operations are highly service-oriented, and therefore our success, to a considerable extent, depends upon our ability to attract, motivate and retain a sufficient number of qualified employees, including restaurant managers and staff. We believe high-quality customer service is a key attribute of the success of our restaurants. Employee attrition levels tend to be higher in the food services industry than in other industries. We offer competitive wages and other benefits to our restaurant employees to manage employee attrition.

Our staff costs includes all salaries and benefits payable to all our employees and staff, including our executive Directors, headquarters staff and restaurant and central kitchen staff. Our staff costs amounted to HK\$121.8 million, HK\$162.8 million, HK\$197.5 million and HK\$63.5 million for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. As a percentage of revenue, our staff costs remained relatively stable during the Track Record Period at 27.7%, 27.2%, 25.9% and 28.4% of our revenue for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Due to changes in local labor laws and the general increase in labor costs in Hong Kong, the salary level of employees in the restaurant industry in Hong Kong has generally increased in recent years. We expect our staff costs to continue to increase as inflationary pressures in Hong Kong continue to drive up wages. We believe the resulting upward pressure on our total staff costs as a percentage of total revenue could be mitigated by (i) increasing operating leverage by increasing the use of central kitchens as our restaurant network expands; (ii) our efforts to control the staff costs at our newly-opened restaurants by managing employee headcount levels before a restaurant achieves certain target performance levels more efficiently and prioritizing

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internal transfers and re-allocations of employees from existing restaurants; (iii) our efforts to increase productivity of our staff by providing various training programs; and (iv) minimizing attrition levels by continuing to implement our various employee retention initiatives in the future to promote employee loyalty and motivate our employees.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in staff costs on our profit before tax and our profit for the year/period during the Track Record Period. Fluctuations are assumed to be 5.0%, 8.0% and 10.0% for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively, which correspond to the range of historical fluctuations of our staff costs during the Track Record Period.

Hypothetical Fluctuation	(HK\$'000, except percentages)					
	+5%	-5%	+8%	-8%	+10%	-10%
<i>Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2010</i>						
Change in staff costs	6,089	(6,089)	9,742	(9,742)	12,177	(12,177)
Change in profit before tax	(6,089)	6,089	(9,742)	9,742	(12,177)	12,177
Change in profit after tax	(5,163)	5,163	(8,261)	8,261	(10,326)	10,326
<i>Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2011</i>						
Change in staff costs	8,138	(8,138)	13,021	(13,021)	16,276	(16,276)
Change in profit before tax	(8,138)	8,138	(13,021)	13,021	(16,276)	16,276
Change in profit after tax	(6,624)	6,624	(10,599)	10,599	(13,248)	13,248
<i>Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2012</i>						
Change in staff costs	9,877	(9,877)	15,803	(15,803)	19,753	(19,753)
Change in profit before tax	(9,877)	9,877	(15,803)	15,803	(19,753)	19,753
Change in profit after tax	(8,129)	8,129	(13,006)	13,006	(16,257)	16,257
<i>Impact on Certain Consolidated Income Statement Items for the Three Months Ended June 30, 2012</i>						
Change in staff costs	3,176	(3,176)	5,082	(5,082)	6,353	(6,353)
Change in profit before tax	(3,176)	3,176	(5,082)	5,082	(6,353)	6,353
Change in profit after tax	(2,617)	2,617	(4,188)	4,188	(5,235)	5,235

Property Rentals and Related Expenses

We lease all the properties on which our restaurants operate. The costs of leasing and maintaining our restaurants, central kitchen and headquarters are reflected in our property rentals and related expenses. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our property rentals and related expenses amounted to HK\$45.7 million, HK\$75.0 million, HK\$96.2 million and HK\$30.5 million, respectively, representing 10.4%, 12.5%, 12.6% and 13.6% of our revenue for each such period. Rental expenses vary depending on the size and location of the restaurant. Most of our restaurant leases provide for a fixed rent. Some of our restaurant leases require the rent to be determined as a sum of (i) a specified fixed amount, plus (ii) a contingent rent calculated based on a certain percentage of the monthly turnover if monthly turnover exceeds a certain amount, depending on the specific terms of the relevant lease agreements. Some of our restaurant leases require the rent to be the higher amount between (i) a contingent rent as a percentage of revenue and (ii) a specified fixed rent, depending on the specific terms of the relevant lease agreements. The rental rate may be subject to a rent escalation clause. We have no preference as to entering into leases with fixed or contingent rent. For every lease that our Group considers to enter into, we will consider whether the rental expense, whether on fixed or contingent terms, is within the range acceptable by us, taking into account the expected revenue to be derived by the restaurant in question. As a result of the above, our annual property rental and related expenses vary according to our revenues derived from restaurant operations. As we intend to

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continue to open new restaurants and expand our restaurant network, we expect our property rental and related expenses related to our restaurants and central kitchens to increase generally in the future.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in property rentals and related expenses on our profit before tax and our profit for the year/period during the Track Record Period. Fluctuations are assumed to be 10.0%, 15.0% and 20.0% for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively, which correspond to the range of historical fluctuations of our property rentals and related expenses during the Track Record Period.

Hypothetical Fluctuation	(HK\$'000, except percentages)					
	+10%	-10%	+15%	-15%	+20%	-20%
<i>Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2010</i>						
Change in property rentals and related expenses	4,568	(4,568)	6,853	(6,853)	9,137	(9,137)
Change in profit before tax	(4,568)	4,568	(6,853)	6,853	(9,137)	9,137
Change in profit after tax	(3,874)	3,874	(5,811)	5,811	(7,748)	7,748
<i>Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2011</i>						
Change in property rentals and related expenses	7,502	(7,502)	11,253	(11,253)	15,004	(15,004)
Change in profit before tax	(7,502)	7,502	(11,253)	11,253	(15,004)	15,004
Change in profit after tax	(6,107)	6,107	(9,160)	9,160	(12,213)	12,213
<i>Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2012</i>						
Change in property rentals and related expenses	9,617	(9,617)	14,426	(14,426)	19,234	(19,234)
Change in profit before tax	(9,617)	9,617	(14,426)	14,426	(19,234)	19,234
Change in profit after tax	(7,915)	7,915	(11,872)	11,872	(15,830)	15,830
<i>Impact on Certain Consolidated Income Statement Items for the Three Months Ended June 30, 2012</i>						
Change in property rentals and related expenses	3,048	(3,048)	4,571	(4,571)	6,095	(6,095)
Change in profit before tax	(3,048)	3,048	(4,571)	4,571	(6,095)	6,095
Change in profit after tax	(2,511)	2,511	(3,767)	3,767	(5,022)	5,022

Seasonality

We experience seasonal fluctuations in our revenue. Our revenue during the summer seasons (generally from June to August) and certain holiday periods, such as the Chinese New Year holiday and Christmas holiday (generally from November to January) is usually higher than those for the remaining months of the year.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are critical to the preparation of our financial information. These accounting policies are important for an understanding of our financial position and results of operations and are set forth in Note 3.1 "Summary of Significant Accounting Policies" of the Accountants' Report in Appendix I to this prospectus.

In addition, the preparation of the financial information requires our management to make significant and subjective estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the three years ended March 31, 2010, 2011 and 2012, and the

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three-month period ended June 30, 2012. However, uncertainties about these assumptions, estimates and judgments could result in outcomes that require a material adjustment to the carrying amounts of the assets and liabilities affected in the future. These key assumptions and estimates are set forth in Note 3.2 “Significant Accounting Estimates” of the Accountants’ Report in Appendix I to this prospectus.

We believe that 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.

Jointly-Controlled Entities

A Jointly-Controlled Entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the Jointly-Controlled Entity.

Our Group’s investments in Jointly-Controlled Entities are stated in the consolidated statement of financial position at our Group’s share of net assets under the equity method of accounting, less any impairment losses. Our Group’s share of the post-acquisition results and reserves of Jointly-Controlled Entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different from our equity interest, our share of the post-acquisition results of the Jointly-Controlled Entities is determined based on the agreed profit sharing ratio. Unrealized gains and losses resulting from transactions between our Group and our Jointly-Controlled Entities are eliminated to the extent of our Group’s investments in the Jointly-Controlled Entities, except where unrealized losses provide evidence of an impairment of the asset transferred.

The Group recognizes its interests in its Jointly-Controlled Entities using the equity method, as described in the relevant Hong Kong Financial Reporting Standards (“HKFRSs”). Applying those applicable accounting standards, if the Group’s share of losses of a Jointly-Controlled Entity equals or exceeds its interest in the Jointly-Controlled Entity, the Group discontinues recognizing its share of further losses. After the Group’s interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the Jointly-Controlled Entity. If the Jointly-Controlled Entity subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

During the Track Record Period, we had two Jointly-Controlled Entities, one of which was established for the operation of one of our restaurants in a shopping mall in Hong Kong under a joint venture arrangement with a joint venture partner and the other was established for the operation of our restaurant in Macau under a joint venture arrangement with a joint venture partner.

HKFRS 10 *Consolidated Financial Statements* establishes a single control model that applies to all entities including special purpose entities or structured entities effective for annual periods beginning on or after January 1, 2013. It includes a new definition of control which is used to determine which entities are consolidated. In the opinion of the Directors, the Group together with the joint venture partners collectively control each of Famous Star and Pak Tat. Upon the adoption of the HKFRS 10, the Group will continue to account for its interests in joint ventures, Famous Star and Pak Tat, under equity method in accordance with the relevant HKFRSs.

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HKFRS 11 *Joint Arrangements* replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers* effective for annual periods beginning on or after January 1, 2013. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. Based on the Directors' assessment of the impact of the new HKFRS 11 upon initial application in the financial year ending March 31, 2014, the Group's jointly-controlled entities at the end of the Relevant Periods would continue to be accounted for as jointly-controlled entities and the adoption of the new standard would have no significant effect on the financial position or performance of the Group.

Foreign currencies

Our Group's consolidated financial information is presented in Hong Kong dollars, our functional and presentation currency.

The functional currencies of certain of our overseas subsidiaries and one of our Jointly-Controlled Entities are currencies other than Hong Kong dollars. As at the end of each of the three years ended March 31, 2010, 2011 and 2012, and the three-month period ended June 30, 2012, the assets and liabilities of these entities are translated into Hong Kong dollars, the presentation currency of our Company, at the exchange rates prevailing at the end of the reporting period and income and expenses are translated into Hong Kong dollars at the weighed average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve.

Revenue recognition

We measure revenue at the fair value of the consideration received or receivable, representing gross restaurant revenue and sale of food, net of business taxes.

We recognize revenue from our restaurant operations when we provide our catering services. We recognize revenue from the sale of food when the food is delivered to our customers.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Construction in progress is stated at cost less any impairment losses, and is not depreciated.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

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Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax assets relating to recognized tax losses as at March 31, 2010, 2011 and 2012 and June 30, 2012 was HK\$5.5 million, HK\$4.2 million, HK\$2.1 million and HK\$1.5 million, respectively.

PRINCIPAL CONSOLIDATED INCOME STATEMENT COMPONENTS

Revenue

We generate substantially all of our revenue from sales of food and beverage from our restaurants, which are recorded net of business taxes. The results of our two restaurants owned by our Jointly-Controlled Entities are not recorded as Group's revenue.

We also derive revenue from sales of processed or semi-processed food ingredients, primarily from our central kitchen to our Jointly-Controlled Entities, for use in the two restaurants owned by them.

The table below sets forth our revenue for the periods indicated, broken down by source of revenue.

	For the year ended March 31,			For the three months ended June 30,	
	2010	2011	2012	2011	2012
			(HK\$'000)		
				(unaudited)	
Restaurant operations	435,771	592,675	748,322	164,707	219,035
Sale of food	4,239	5,372	14,469	2,543	4,588
Revenue	440,010	598,047	762,791	167,250	223,623

Invoices at our restaurants are primarily settled by way of cash and smart card, and in certain restaurants and our "Tsui Wah EATery" quick service restaurant, we accept credit card payment. The following table sets forth our revenue from restaurant operations broken down by type of settlement method for the periods indicated.

	For the year ended March 31,			For the three months ended June 30,
	2010	2011	2012	2012
			(percentages)	
Cash	80.5	76.3	75.1	72.7
Smart Card	18.1	19.3	18.8	18.9
Credit Card	1.4	4.4	6.1	8.4
Total	100.0	100.0	100.0	100.0

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During the Track Record Period, revenue from our restaurant operations⁽¹⁾ are derived from Hong Kong and China. The following table sets forth our revenue derived from restaurant operations⁽¹⁾ by geographic segment for the periods indicated.

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(HK\$'000, except percentages)									
Hong Kong	400,471	91.9	535,043	90.3	667,407	89.2	146,059	88.7	186,500	85.1
China	35,300	8.1	57,632	9.7	80,915	10.8	18,648	11.3	32,535	14.9
<i>Total</i>	<u>435,771</u>	<u>100.0</u>	<u>592,675</u>	<u>100.0</u>	<u>748,322</u>	<u>100.0</u>	<u>164,707</u>	<u>100.0</u>	<u>219,035</u>	<u>100.0</u>

Other Income and Gains

Other income and gains primarily consists of tips we receive from customers as part of our restaurant operations.

Cost of Inventories Sold

Cost of inventories sold primarily consists of the cost of all the food and beverages used in our operations. The principal food and beverage items used in our operations are meat, vegetable, seafood, and standardized food and supplies, such as beverages and seasonings. Cost of inventories includes costs incurred in bringing the inventories to their present location. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our cost of inventories sold amounted to HK\$133.7 million, HK\$183.0 million, HK\$236.5 million and HK\$69.1 million, respectively, representing 30.4%, 30.6%, 31.0% and 30.9% of our revenue for each such period.

Staff Costs

Our staff costs comprises salaries and benefits, including wages, salaries, bonuses, retirement benefit costs, housing provident fund, social security costs and other allowances and benefits payable to all our employees and staff, including our (i) executive Directors, (ii) headquarters staff, and (iii) our restaurant and central kitchen staff. The number of our employees increased by 175, or 14.3%, from 1,222 as of March 31, 2010 to 1,397 as of March 31, 2011, increased by 342, or 24.5%, from 1,397 as of March 31, 2011 to 1,739 as of March 31, 2012 and increased by 442, or 25.4%, from 1,739 as of March 31, 2012 to 2,181 as of June 30, 2012. Our staff costs amounted to HK\$121.8 million, HK\$162.8 million, HK\$197.5 million and HK\$63.5 million for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively, representing 27.7%, 27.2%, 25.9% and 28.4%, respectively, of our revenue for such periods.

⁽¹⁾ Excludes our share of results from one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

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The following table sets forth a breakdown of our staff costs during the Track Record Period:

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of staff costs	Amount	% of staff costs	Amount	% of staff costs	Amount	% of staff costs	Amount	% of staff costs
(HK\$'000, except percentages)										
Staff Costs										
Executive Directors	4,175	3.4	4,146	2.6	4,260	2.2	1,065	2.5	1,065	1.7
Headquarters staff	4,160	3.4	11,937	7.3	19,113	9.7	3,724	8.6	5,948	9.4
Restaurant and central kitchen staff	113,436	93.2	146,674	90.1	174,161	88.1	38,530	88.9	56,516	88.9
Total	121,771	100.0	162,757	100.0	197,534	100.0	43,319	100.0	63,529	100.0

We implemented a performance based incentive scheme in Hong Kong for all of our Hong Kong staff starting from May 2011 and in the PRC for all of our restaurant staff starting from July 2010. Pursuant to this scheme, (i) restaurant personnel will receive bonuses if the restaurant at which he or she works achieves certain performance targets and (ii) office personnel will receive bonuses depending on the number of restaurants that achieve performance targets. From the beginning of the Track Record Period to the implementation of this performance based incentive scheme, our employees, other than our Directors, were paid a discretionary bonus at the end of year. Our Directors confirm that such discretionary bonus is generally equal to one month salary. We intend to implement the performance based incentive scheme in the PRC for the rest of our PRC staff in the year ending March 31, 2013.

The following table sets forth a breakdown of our staff costs, by geographical region and by salaries, bonuses and retirement benefit scheme contributions, during the Track Record Period. Our Directors' remunerations are excluded from the following table as our Directors were not entitled to and did not receive any discretionary bonuses during the Track Record Period.

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of staff costs excluding Director's remuneration	Amount	% of staff costs excluding Director's remuneration	Amount	% of staff costs excluding Director's remuneration	Amount	% of staff costs excluding Director's remuneration	Amount	% of staff costs excluding Director's remuneration
(HK\$'000, except percentages)										
Hong Kong										
Salaries	97,731	83.1	131,910	83.2	163,411	84.5	36,461	86.3	51,289	82.1
Bonuses ⁽¹⁾	8,488	7.2	11,333	7.1	7,079	3.7	1,004	2.4	1,608	2.6
Retirement benefit scheme contributions	4,939	4.2	5,678	3.6	6,630	3.4	1,476	3.5	2,368	3.8
China										
Salaries	5,620	4.8	8,327	5.3	14,437	7.5	2,852	6.7	6,097	9.8
Bonuses ⁽²⁾	468	0.4	694	0.4	512	0.3	234	0.6	462	0.7
Retirement benefit scheme contributions	350	0.3	669	0.4	1,205	0.6	227	0.5	640	1.0
Total	117,596	100.0	158,611	100.0	193,274	100.0	42,254	100.0	62,464	100.0

⁽¹⁾ Prior to May 2011, our Hong Kong staff received a discretionary year-end bonus. Starting from May 2011, bonuses relating to our Hong Kong staff were calculated based on our performance based discretionary bonus scheme only.

⁽²⁾ For our PRC restaurant staff, bonuses during the Track Record Period were calculated based on (i) one month year-end fixed bonus prior to July 2010 and (ii) our discretionary bonus scheme starting from July 2010. The rest of our PRC staff received a one month year-end fixed bonus only.

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Property Rentals and Related Expenses

Our property rentals and related expenses primarily consist of lease payments under operating leases for our restaurants, central kitchen and headquarters. Our property rentals and related expenses amounted to HK\$45.7 million, HK\$75.0 million, HK\$96.2 million and HK\$30.5 million for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively, representing 10.4%, 12.5%, 12.6% and 13.6%, respectively, of our revenue for such periods.

The following table sets forth the number of our restaurants⁽¹⁾ and a breakdown of our property rental expenses for our restaurants by category of rent and by geographical region during the Track Record Period.

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Number of restaurants	Amount of rental expenses (HK\$'000)	Number of restaurants	Amount of rental expenses (HK\$'000)	Number of restaurants	Amount of rental expenses (HK\$'000)	Number of restaurants	Amount of rental expenses (HK\$'000)	Number of restaurants	Amount of rental expenses (HK\$'000)
Specified fixed rent										
Hong Kong	12	38,084	14 ⁽²⁾	57,333	15	66,191	13	15,724	16	17,865
China	1	4,544	2	5,319	2	6,495	2	1,772	3	4,706
Contingent rent										
Hong Kong	—	—	2	6,528	3	14,841	2	3,164	3	4,850
China	—	—	—	—	—	—	—	—	1	732
Total	13	42,628	18	69,180	20	87,527	17	20,660	23	28,153

Our restaurant leases typically have terms of two to ten years. Certain leases have rent-free periods ranging from one to eight months at the beginning of the leases. Upon expiration of the leases, certain of our leases contain options to renew for periods ranging from two years to six years, exercisable at our discretion. The following table summarizes the expiration period of our restaurant leases and whether such leases contain an option to renew as at June 30, 2012.

	By June 30, 2013	By June 30, 2014	By June 30, 2015	Beyond June 30, 2015
Number of restaurants				
Option to renew	3	1	1	6
No option to renew	1	5	1	5
Total	4	6	2	11

Depreciation

Our depreciation represents depreciation charges for our property, plant and equipment, which comprises of land and buildings, leasehold improvements, catering and other equipment, furniture and fixtures, motor vehicles and transportation vehicles. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our depreciation accounted for 3.4%, 3.7%, 2.9% and 3.3%, respectively, of our revenue for such periods.

⁽¹⁾ Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

⁽²⁾ Includes one restaurant closed in January 2011, which was consolidated with another restaurant on the same street after we secured a larger premise for such restaurant.

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Fuel and Utility Expenses

Our fuel and utility expenses primarily consist of expenses incurred for gas, electricity and water utilities. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our fuel and utility expenses accounted for 5.8%, 5.3%, 4.6% and 5.0%, respectively, of our revenue for such periods.

Advertising and Marketing Expenses

Our advertising and marketing expenses primarily consist of advertising and promotional expenses. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our advertising and marketing expenses accounted for 0.8%, 0.5%, 0.4% and 0.4%, respectively, of our revenue for such periods.

Other Operating Expenses

Other operating expenses primarily consist of repairs and maintenance expenses for our restaurants, cleaning expenses for our restaurants, office expenses, consultancy fees for third-party consultants, staff uniform and meal expenses, insurance expenses, legal and professional fees, transportation expenses, card charges relating to credit card and smart card purchases, other rental expenses and other miscellaneous expenses. The following table sets forth a breakdown of our other operating expenses for the periods indicated:

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of other operating expenses	Amount	% of other operating expenses	Amount	% of other operating expenses	Amount	% of other operating expenses	Amount	% of other operating expenses
	(HK\$'000, except percentages)									
Other Operating Expenses										
Repairs and maintenance	6,824	22.9	8,310	20.4	7,341	14.8	1,623	14.3	1,588	10.8
Cleaning expenses	5,744	19.3	7,769	19.0	9,012	18.2	2,030	17.8	2,485	16.9
Office expenses	3,132	10.5	3,116	7.6	3,834	7.7	923	8.1	1,114	7.6
Consultancy fees	2,608	8.8	2,722	6.7	4,062	8.2	531	4.7	357	2.4
Staff uniform and meal	2,252	7.6	4,777	11.7	5,377	10.9	888	7.8	1,984	13.5
Insurance	1,215	4.1	1,973	4.8	3,341	6.7	565	5.0	1,025	6.9
Legal and professional fees	1,434	4.8	1,824	4.5	3,202	6.5	422	3.7	335	2.3
Transportation	2,320	7.8	3,101	7.6	5,681	11.5	1,072	9.4	2,404	16.3
Card charges	944	3.2	1,614	4.0	2,817	5.7	461	4.0	755	5.1
Other rental expenses	352	1.2	1,041	2.5	1,408	2.8	383	3.4	299	2.0
Other expenses	2,920	9.8	4,579	11.2	3,468	7.0	2,485	21.8	2,382	16.2
Total	29,745	100.0	40,826	100.0	49,543	100.0	11,383	100.0	14,728	100.0

For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our other operating expenses accounted for 6.8%, 6.8%, 6.5% and 6.6%, respectively, of our revenue for such periods.

Finance Costs

Our finance costs represent interest expenses on bank loans and finance leases. Our interest expenses on bank loans for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012 were HK\$342,000, HK\$54,000, HK\$134,000 and HK\$0, respectively. Our interest expenses on finance leases for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012 were HK\$19,000, HK\$47,000, HK\$27,000 and HK\$6,000, respectively. As at March 31, 2011, our bank loan comprised a profits tax loan in the amount of HK\$12.8 million. Our finance leases during the Track Record Period comprised solely of leases for transportation vehicles used to transport processed food ingredients from our central kitchen to our restaurants in Hong Kong.

FINANCIAL INFORMATION

Share of Profits less Losses of Jointly-Controlled Entities

Jointly-Controlled Entities are companies over which our Group is in a position to exercise joint control with other joint venture parties in accordance with contractual arrangements and where none of the participating parties has unilateral control over the economic activity of the joint venture.

During the Track Record Period, we had two Jointly-Controlled Entities. One Jointly-Controlled Entity was established for the operation of one of our restaurants in a shopping mall in Hong Kong, under a joint venture arrangement with a joint venture partner. A second Jointly-Controlled Entity was established for the operation of our restaurant in the Galaxy casino in Macau, under a joint venture arrangement with a joint venture partner. For further details of our Jointly-Controlled Entities, see Note 15 to the Accountants' Report in Appendix I to this prospectus.

Our Group's share of our Jointly-Controlled Entities' profits is recognized in the consolidated income statements under the equity method of accounting.

Income Tax Expenses

Our operations in Hong Kong are subject to a profit tax rate of 16.5% on estimated assessable profits arising in Hong Kong. Our operations in the PRC are subject to a corporate income tax rate of 25.0% on taxable income arising in the PRC. For more details, see Note 10 to the Accountants' Report set out in Appendix I to this prospectus. Our effective tax rate for operations in Hong Kong was 14.1%, 16.9%, 16.8% and 17.2% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. Our effective tax rate for operations in the PRC was 42.3%, 29.0%, 27.9% and 25.0% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. Our effective income tax rate for operations in the PRC in the year ended March 31, 2010 was higher primarily due to under-provisions in prior years which was adjusted in the year ended March 31, 2010.

Under the PRC EIT Law, dividends declared by a foreign-invested enterprise in China to a foreign investor that is a non-resident enterprise will be subject to a withholding tax, effective from January 1, 2008 and applicable to earnings after December 31, 2007. We are subject to the withholding tax on dividends distributed by our subsidiaries incorporated in the PRC in respect of earnings generated since January 1, 2008. See "Risk Factors — Risks Relating to the PRC — The dividends we receive from our Chinese subsidiaries and our global income may be subject to Chinese tax under the PRC EIT Law, which would have a material adverse effect on our results of operations; our non-PRC Shareholders will be subject to a Chinese withholding tax upon the dividends payable by us and gains on the sale of Shares, if we are classified as a Chinese "resident enterprise" in this prospectus. As of June 30, 2012, we recognized no deferred tax liability for such withholding tax in connection with the remaining earnings of our subsidiaries incorporated in China because our Directors determined that it was not probable that these subsidiaries would distribute earnings in the foreseeable future. For more details, see Note 25 to the Accountants' Report set out in Appendix I to this prospectus.

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RESULTS OF OPERATIONS OF OUR GROUP

The following table presents the results of operations of our Group for the periods indicated:

	For the Year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(HK\$'000, except percentages)									
	(unaudited)									
REVENUE	440,010	100.0	598,047	100.0	762,791	100.0	167,250	100.0	223,623	100.0
Other income and gains	1,630	0.4	1,956	0.3	1,975	0.3	248	0.1	356	0.2
Cost of inventories sold	(133,706)	(30.4)	(183,037)	(30.6)	(236,463)	(31.0)	(51,391)	(30.7)	(69,063)	(30.9)
Staff costs	(121,771)	(27.7)	(162,757)	(27.2)	(197,534)	(25.9)	(43,319)	(25.9)	(63,529)	(28.4)
Depreciation	(15,045)	(3.4)	(22,096)	(3.7)	(21,887)	(2.9)	(5,600)	(3.3)	(7,334)	(3.3)
Property rentals and related expenses	(45,684)	(10.4)	(75,019)	(12.5)	(96,171)	(12.6)	(22,490)	(13.5)	(30,475)	(13.6)
Fuel and utility expenses	(25,667)	(5.8)	(31,610)	(5.3)	(34,805)	(4.6)	(8,270)	(5.0)	(11,187)	(5.0)
Advertising and marketing expenses .	(3,369)	(0.8)	(2,821)	(0.5)	(2,901)	(0.4)	(852)	(0.5)	(895)	(0.4)
Other operating expenses	(29,745)	(6.7)	(40,826)	(6.8)	(49,543)	(6.5)	(11,383)	(6.8)	(14,728)	(6.6)
Finance costs	(361)	(0.1)	(101)	(0.0)	(161)	(0.0)	(73)	(0.0)	(6)	(0.0)
Share of profits less losses of jointly-controlled entities	1,276	0.3	1,790	0.3	8,905	1.2	415	0.2	4,355	1.9
PROFIT BEFORE TAX	67,568	15.4	83,526	14.0	134,206	17.6	24,535	14.6	31,117	13.9
Income tax expense	(10,249)	(2.3)	(15,502)	(2.6)	(23,777)	(3.1)	(4,386)	(2.6)	(5,469)	(2.4)
PROFIT FOR THE YEAR/PERIOD	57,319	13.0	68,024	11.4	110,429	14.5	20,149	12.0	25,648	11.5
Attributable to:										
Owners of the Company	53,812	12.2	64,909	10.9	103,910	13.6	19,137	11.4	23,956	10.7
Non-controlling interests	3,507	0.8	3,115	0.5	6,519	0.9	1,012	0.6	1,692	0.8
	57,319	13.0	68,024	11.4	110,429	14.5	20,149	12.0	25,648	11.5

Three months ended June 30, 2012 compared to three months ended June 30, 2011

Revenue

Our revenue increased by HK\$56.4 million, or 33.7%, from HK\$167.3 million for the three months ended June 30, 2011 to HK\$223.6 million for the three months ended June 30, 2012, which was primarily attributable to an increase in revenue from existing restaurants and revenue generated from the opening of new restaurants.

Our revenue from restaurant operations increased by HK\$54.3 million, or 33.0%, from HK\$164.7 million for the three months ended June 30, 2011 to HK\$219.0 million for the three months ended June 30, 2012. Such increase reflected:

- a HK\$26.4 million increase in comparable restaurants sales from the three months ended June 30, 2011 to the three months ended June 30, 2012; and
- HK\$27.9 million in revenue from the six new restaurants that were opened subsequent to June 30, 2011.

Our revenue from sale of food increased by HK\$2.1 million, or 80.4%, from HK\$2.5 million for the three months ended June 30, 2011 to HK\$4.6 million for the three months ended June 30, 2012. Such increase was primarily due to the sale of food to our restaurant in Macau opened in May 2011, which is owned by one of our Jointly-Controlled Entities.

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Other income and gains

Our other income and gains, which primarily consists of tips we receive from customers as part of our restaurant operations, amounted to HK\$0.2 million for the three months ended June 30, 2011 and HK\$0.4 million for the three months ended June 30, 2012. As a percentage of our revenue for each respective periods, our other income and gains remained stable at 0.2%, respectively.

Cost of inventories sold

Our cost of inventories sold increased by HK\$17.7 million, or 34.4%, from HK\$51.4 million for the three months ended June 30, 2011 to HK\$69.1 million for the three months ended June 30, 2012, which was primarily due to an increase in the amount of food and beverages used in our operations, in line with the increase in revenue in the three months ended June 30, 2012.

Staff costs

Our staff costs increased by HK\$20.2 million, or 46.7%, from HK\$43.3 million for the three months ended June 30, 2011 to HK\$63.5 million for the three months ended June 30, 2012, primarily as a result of increased hiring due to the expansion of our restaurant network, including the opening of six new restaurants from July 1, 2011 to June 30, 2012. As a percentage of revenue, our staff costs increased from 25.9% for the three months ended June 30, 2011 to 28.4% for the three months ended June 30, 2012, primarily reflecting (i) the increase in headcount in connection with the opening of three new restaurants during the three months ended June 30, 2012 and (ii) the comparatively lower revenue generated by these three newly opened restaurants during the first few months after their respective commencement of operations. Other than our Macau restaurant owned by our Jointly-Controlled Entity, we did not open any new restaurant during the three months ended June 30, 2011.

Depreciation

Our depreciation charges increased by HK\$1.7 million, or 31.0%, from HK\$5.6 million for the three months ended June 30, 2011 to HK\$7.3 million for the three months ended June 30, 2012. Such increase was mainly due to depreciation expenses incurred for additional property, plant and equipment acquired for our six new restaurants opened from July 1, 2011 to June 30, 2012.

Property rentals and related expenses

Our property rentals and related expenses increased by HK\$8.0 million, or 35.6%, from HK\$22.5 million for the three months ended June 30, 2011 to HK\$30.5 million for the three months ended June 30, 2012. Such increase was mainly due to the (i) opening of our six new restaurants from July 1, 2011 to June 30, 2012, and (ii) renewal of lease agreements for certain of our restaurants in Hong Kong at higher rental rates.

Fuel and utility expenses

Our fuel and utility expenses increased by HK\$2.9 million, or 35.3%, from HK\$8.3 million for the three months ended June 30, 2011 to HK\$11.2 million for the three months ended June 30, 2012, which was mainly due to the additional fuel and utility expenses incurred by our six new restaurants opened from July 1, 2011 to June 30, 2012. As a percentage of revenue, our fuel and utility expenses remained relatively stable at 4.9% and 5.0% for each of the three months ended June 30, 2011 and 2012, respectively.

FINANCIAL INFORMATION

Advertising and marketing expenses

Our advertising and marketing expenses increased by HK\$43,000, or 5.1%, from HK\$852,000 for the three months ended June 30, 2011 to HK\$895,000 for the three months ended June 30, 2012. Our advertising and marketing expenses were relatively stable for the two respective periods.

Other operating expenses

Our other operating expenses increased by HK\$3.3 million, or 29.4%, from HK\$11.4 million for the three months ended June 30, 2011 to HK\$14.7 million for the three months ended June 30, 2012. Such increase was mainly due to an increase in staff uniform and meal expenses, cleaning expenses, insurance expenses and transportation costs incurred for our new restaurants opened from July 1, 2011 to June 30, 2012. We provide meals for our employees in China. During the three months ended June 30, 2012, our PRC employee headcount increased as we opened two new restaurants in the PRC, resulting in an increase in staff uniform and meal expenses.

Finance costs

Our finance costs amounted to HK\$73,000 for the three months ended June 30, 2011 and HK\$6,000 for the three months ended June 30, 2012. Our finance costs for the three months ended June 30, 2011 was relatively higher primarily because it included interest payments on a profits tax loan we took out in January 2011, which was repaid by monthly instalments from February 2011 to January 2012. Our finance costs for the three months ended June 30, 2012 comprised solely of interest expenses on our finance leases.

Share of profits less losses of Jointly-Controlled Entities

Share of profits less losses of our Jointly-Controlled Entities amounted to HK\$4.4 million for the three months ended June 30, 2012. Share of profits less losses of our Jointly-Controlled Entities was HK\$0.4 million for the three months ended June 30, 2011. The increase was primarily due to the opening of our restaurant in Macau, which is owned by one of our Jointly-Controlled Entities, in May 2011.

Profit before tax

As a result of the foregoing, our profit before tax increased by HK\$6.6 million, or 26.8%, from HK\$24.5 million for the three months ended June 30, 2011 to HK\$31.1 million for the three months ended June 30, 2012.

Income tax expense

Our income tax expense increased by HK\$1.1 million, or 24.7%, from HK\$4.4 million for the three months ended June 30, 2011 to HK\$5.5 million for the three months ended June 30, 2012. Such increase was in line with our profit before tax for the three months ended June 30, 2012. Our effective income tax rate decreased slightly from 17.9% for the three months ended June 30, 2011 to 17.6% for the three months ended June 30, 2012.

Profit attributable to owners of our Company

As a result of the factors discussed above, the profit attributable to owners of our Company increased by HK\$4.9 million, or 25.2%, from HK\$19.1 million for the three months ended June 30, 2011 to HK\$24.0 million for the three months ended June 30, 2012.

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Year ended March 31, 2012 compared to year ended March 31, 2011

Revenue

Our revenue increased by HK\$164.8 million, or 27.5%, from HK\$598.0 million for the year ended March 31, 2011 to HK\$762.8 million for the year ended March 31, 2012, which was primarily attributable to an increase in revenue from existing restaurants and revenue generated from the opening of new restaurants.

Our revenue from restaurant operations increased by HK\$155.6 million, or 26.3%, from HK\$592.7 million for the year ended March 31, 2011 to HK\$748.3 million for the year ended March 31, 2012. Such increase primarily reflected:

- a HK\$79.1 million increase in revenue from the five restaurants that were opened during the year ended March 31, 2011;
- a HK\$62.0 million increase in comparable restaurants sales from the year ended March 31, 2011 to the year ended March 31, 2012; and
- HK\$23.5 million in revenue from the three new restaurants that were opened during the year ended March 31, 2012.

These increases were partially offset by a decrease in revenue from one restaurant in Hong Kong that was closed during the year ended March 31, 2011.

Our revenue from sale of food increased by HK\$9.1 million, or 168.5%, from HK\$5.4 million for the year ended March 31, 2011 to HK\$14.5 million for the year ended March 31, 2012. Such increase was primarily due to the sale of food to our restaurant in Macau opened in May 2011, which is owned by our Jointly-Controlled Entity.

Other income and gains

Our other income and gains, which primarily consists of tips we receive from customers as part of our restaurant operations, remained stable at HK\$2.0 million, or 0.3%, of our revenue for each of the two years ended March 31, 2011 and 2012.

Cost of inventories sold

Our cost of inventories sold increased by HK\$53.5 million, or 29.2%, from HK\$183.0 million for the year ended March 31, 2011 to HK\$236.5 million for the year ended March 31, 2012. The 29.2% increase in cost of inventories from March 31, 2011 to March 31, 2012 was higher than the 27.5% increase in the Group's revenue from March 31, 2011 to March 31, 2012 primarily due to costs of raw materials and food ingredients increasing at a faster rate than prices on our menu items.

Staff costs

Our staff costs increased by HK\$34.7 million, or 21.4%, from HK\$162.8 million for the year ended March 31, 2011 to HK\$197.5 million for the year ended March 31, 2012. Such increase mainly resulted from increased hiring due to the expansion of our restaurant network. Staff costs as a percentage of revenue decreased from 27.2% for the year ended March 31, 2011 to 25.9% for the year ended March 31, 2012. The decrease was primarily due to a change in our bonus policy. Starting from May 2011, the employee bonus amounts are calculated based on the performance of our restaurants.

FINANCIAL INFORMATION

Depreciation

Our depreciation charges decreased by HK\$0.2 million, or 0.9%, from HK\$22.1 million for the year ended March 31, 2011 to HK\$21.9 million for the year ended March 31, 2012. Such decrease was mainly due to the fact that certain of our property, plant and equipment were fully depreciated in the year ended March 31, 2012. As a percentage of revenue, our depreciation charges decreased from 3.7% for the year ended March 31, 2011 to 2.9% for the three months ended March 31, 2012, as certain of our leasehold improvements for our restaurants were fully depreciated in the year ended March 31, 2012.

Property rentals and related expenses

Our property rentals and related expenses increased by HK\$21.2 million, or 28.2%, from HK\$75.0 million for the year ended March 31, 2011 to HK\$96.2 million for the year ended March 31, 2012. Such increase was mainly due to additional rental expenses incurred for our three new restaurants⁽¹⁾ opened during the year ended March 31, 2012.

Fuel and utility expenses

Our fuel and utility expenses increased by HK\$3.2 million, or 10.1%, from HK\$31.6 million for the year ended March 31, 2011 to HK\$34.8 million for the year ended March 31, 2012. Such increase was mainly due to the additional fuel and utility expenses incurred by our three new restaurants⁽¹⁾ opened during the year ended March 31, 2012. As a percentage of revenue, our fuel and utility expenses decreased from 5.3% for the year ended March 31, 2011 to 4.6% for the year ended March 2012, primarily due to the certain initiatives we adopted to reduce usage of gas in our Hong Kong restaurants.

Advertising and marketing expenses

Our advertising and marketing expenses increased by HK\$0.1 million, or 2.8%, from HK\$2.8 million for the year ended March 31, 2011 to HK\$2.9 million for the year ended March 31, 2012. Our advertising and marketing expenses were relatively stable for the two years ended March 31, 2012.

Other operating expenses

Our other operating expenses increased by 21.4%, or HK\$8.7 million, from HK\$40.8 million for the year ended March 31, 2011 to HK\$49.5 million for the year ended March 31, 2012. Such increase was mainly due to an increase in cleaning expenses, consultancy fees incurred in relation to our employee training, transportation costs and legal and professional fees, which were in line with our business expansion.

Finance costs

Our finance costs increased by HK\$0.1 million, or 59.4%, from HK\$0.1 million for the year ended March 31, 2011 to HK\$0.2 million for the year ended March 31, 2012. Such increase was mainly due to interest paid for the latter period in relation to our profit tax loan taken by us in January 2011, which was repaid by monthly instalments from February 2011 to January 2012.

⁽¹⁾ Excludes one restaurant in Macau owned by one of our Jointly-Controlled Entities.

FINANCIAL INFORMATION

Share of profits less losses of Jointly-Controlled Entities

Share of profits less losses of our Jointly-Controlled Entities amounted to HK\$8.9 million for the year ended March 31, 2012. Share of profits less losses of our Jointly-Controlled Entities was HK\$1.8 million for the year ended March 31, 2011. The increase was primarily due to the opening of our restaurant in Macau, which is owned by one of our Jointly-Controlled Entities, in May 2011.

Profit before tax

As a result of the foregoing, our profit before tax increased by HK\$50.7 million, or 60.7%, from HK\$83.5 million for the year ended March 31, 2011 to HK\$134.2 million for the year ended March 31, 2012.

Income tax expense

Our income tax expense increased by HK\$8.3 million, or 53.4%, from HK\$15.5 million for the year ended March 31, 2011 to HK\$23.8 million for the year ended March 31, 2012. Such increase was in line with the increase in our profit before tax for the year ended March 31, 2012. Our effective income tax rate decreased slightly from 18.6% in the year ended March 31, 2011 to 17.7% in the year ended March 31, 2012.

Profit attributable to owners of our Company

As a result of the factors discussed above, the profit attributable to owners of our Company increased by HK\$39.0 million, or 60.1%, from HK\$64.9 million for the year ended March 31, 2011 to HK\$103.9 million for the year ended March 31, 2012.

Year ended March 31, 2011 compared to year ended March 31, 2010

Revenue

Our revenue increased by HK\$158.0 million, or 35.9%, from HK\$440.0 million for the year ended March 31, 2010 to HK\$598.0 million for the year ended March 31, 2011, which was primarily attributable to an increase in revenue from existing restaurants and revenue generated from the opening of new restaurants.

Our revenue from restaurant operations increased by HK\$156.9 million, or 36.0%, from HK\$435.8 million for the year ended March 31, 2010 to HK\$592.7 million for the year ended March 31, 2011. Such increase primarily reflected:

- HK\$102.0 million in revenue from the five new restaurants that were opened during the year ended March 31, 2011;
- a HK\$48.1 million increase in comparable restaurants sales from the year ended March 31, 2010 to the year ended March 31, 2011; and
- full year results of the one restaurant opened in the year ended March 31, 2010.

These increases were partially offset by the loss of approximately three months of results of one restaurant we closed in January 2011.

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Our revenue from sale of food increased by HK\$1.2 million, or 26.7%, from HK\$4.2 million for the year ended March 31, 2010 to HK\$5.4 million for the year ended March 31, 2011. Such increase was primarily due to an increase in sales of processed and semi-processed food ingredients to the restaurant in Hong Kong owned by our Jointly-Controlled Entity.

Other income and gains

Our other income and gains, which primarily consists of tips we receive from customers as part of our restaurant operations, increased by HK\$0.4 million, or 20.0%, from HK\$1.6 million for the year ended March 31, 2010 to HK\$2.0 million for the year ended March 31, 2011. Such increase mainly resulted from gains on foreign exchange differences. We accept Renminbi payments in our restaurants in Hong Kong.

Cost of inventories sold

Our cost of inventories sold increased by HK\$49.3 million, or 36.9%, from HK\$133.7 million for the year ended March 31, 2010 to HK\$183.0 million for the year ended March 31, 2011. The rate of increase in the Group's cost of inventories sold from the year ended March 31, 2010 to the year ended March 31, 2011 was generally in line with the rate of increase in the Group's revenue from the year ended March 31, 2010 to the year ended March 31, 2011.

Staff costs

Our staff costs increased by HK\$41.0 million, or 33.7%, from HK\$121.8 million for the year ended March 31, 2010 to HK\$162.8 million for the year ended March 31, 2011. Such increase was mainly due to our increased hiring of restaurant-level staff as our restaurant network expanded and was in line with the increase in revenue for the same period.

Depreciation

Our depreciation charges increased by HK\$7.1 million, or 46.9%, from HK\$15.0 million for the year ended March 31, 2010 to HK\$22.1 million for the year ended March 31, 2011. Such increase was mainly due to depreciation expenses incurred for additional property, plant and equipment acquired for our five new restaurants opened during the year ended March 31, 2011.

Property rentals and related expenses

Our property rentals and related expenses increased by HK\$29.3 million, or 64.2%, from HK\$45.7 million for the year ended March 31, 2010 to HK\$75.0 million for the year ended March 31, 2011. Such increase was mainly due to the (i) opening of our five new restaurants during such period, and (ii) renewal of lease agreements for certain of our restaurants in Hong Kong at higher rental rates.

Fuel and utility expenses

Our fuel and utility expenses increased by HK\$5.9 million, or 23.2%, from HK\$25.7 million for the year ended March 31, 2010 to HK\$31.6 million for the year ended March 31, 2011. Such increase was primarily due to the additional fuel and utility expenses incurred for our five new restaurants. As a percentage of revenue, fuel and utility expenses decreased from 5.8% to 5.3%, primarily due to the growth in our revenue from increased menu prices, comparable restaurant sales, and the opening of new restaurants.

FINANCIAL INFORMATION

Advertising and marketing expenses

Our advertising and marketing expenses decreased by HK\$0.6 million, or 16.3%, from HK\$3.4 million for the year ended March 31, 2010 to HK\$2.8 million for the year ended March 31, 2011. Our advertising and marketing expenses for the year ended March 31, 2010 was particularly high as we intensified our advertising efforts in Shanghai during such period in connection with the opening of our first restaurant in China at the end of 2009.

Other operating expenses

Our other operating expenses increased by HK\$11.1 million, or 37.3%, from HK\$29.7 million for the year ended March 31, 2010 to HK\$40.8 million for the year ended March 31, 2011. Such increase was mainly due to an increase in staff uniform and meal expenses and an increase in cleaning expenses and repairs and maintenance expenses as our restaurant network expanded. We provide meals for our employees in China. During the year ended March 31, 2011, our PRC employee headcount increased as we opened a new restaurant in Shanghai, resulting in an increase in staff uniform and meal expenses. As a percentage of revenue, other operating expenses remained stable at 6.8% for each of the years ended March 31, 2010 and March 31, 2011.

Finance costs

Our finance costs decreased by HK\$0.3 million, or 72.0%, from HK\$0.4 million for the year ended March 31, 2010 to HK\$0.1 million for the year ended March 31, 2011. Our finance costs for the year ended March 31, 2010 was relatively higher primarily because it included interest payments on a bank loan taken out by Joy Express.

Share of profits less losses of Jointly-Controlled Entities

Share of profits less losses of our Jointly-Controlled Entities amounted to HK\$1.8 million for the year ended March 31, 2011. Share of profits of our Jointly-Controlled Entity for the year ended March 31, 2010 was lower and amounted to HK\$1.3 million, primarily due to the share of a loss carried forward from the year ended March 31, 2009.

Profit before tax

As a result of the foregoing, our profit before tax increased by HK\$15.9 million, or 23.6%, from HK\$67.6 million for the year ended March 31, 2010 to HK\$83.5 million for the year ended March 31, 2011.

Income tax expense

Our income tax expense increased by HK\$5.3 million, or 51.3%, from HK\$10.2 million for the year ended March 31, 2010 to HK\$15.5 million for the year ended March 31, 2011. Our effective income tax rate increased from 15.2% in the year ended March 31, 2010 to 18.6% in the year ended March 31, 2011. Our effective income tax rate for the year ended March 31, 2010 was lower than our effective income tax rate for the year ended March 31, 2011 primarily because of the utilization of certain tax losses from previous periods.

Profit attributable to owners of our Company

As a result of the factors discussed above, the profit attributable to owners of our Company increased by 20.6%, or HK\$11.1 million, from HK\$53.8 million for the year ended March 31, 2010 to HK\$64.9 million for the year ended March 31, 2011.

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WORKING CAPITAL

We had net current assets of HK\$86.6 million as of March 31, 2010, HK\$115.3 million as of March 31, 2011, HK\$151.6 million as of March 31, 2012 and HK\$39.8 million as of June 30, 2012, respectively.

As of September 30, 2012, we had net current assets of HK\$60.3 million. The following table sets forth the breakdown of our current assets and current liabilities as of September 30, 2012.

	As of September 30, 2012
	(HK\$'000) (unaudited)
Current assets	
Inventories	12,198
Trade receivables	4,048
Prepayments, deposits and other receivables	50,636
Cash and cash equivalents	126,030
Pledged time deposits	438
	<u>193,350</u>
Current liabilities	
Trade payables	50,801
Other payables and accruals	60,503
Interest-bearing other borrowings	412
Tax payable	21,373
	<u>133,089</u>
Net current assets	<u><u>60,261</u></u>

LIQUIDITY AND CAPITAL RESOURCES

Historically, we have funded our liquidity and capital requirements primarily through capital contributions from our Controlling Shareholders, cash flows from our operating activities and short-term unsecured bank loans. We had net cash inflows from operating activities of HK\$80.9 million, HK\$70.9 million, HK\$113.8 million and HK\$27.3 million for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. We require cash primarily for working capital needs and capital expenditures. As of June 30, 2012, we had HK\$104.1 million in cash and cash equivalents.

We expect to finance our working capital requirements for the 12 months following the date of this prospectus with the following sources of funding:

- cash flows generated from our operating activities;
- cash and cash equivalents available, which were HK\$104.1 million as of June 30, 2012; and
- net proceeds to be received by our Group from the Global Offering.

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Based on the above, our Directors believe that we will have sufficient funds for our present working capital requirements for at least the next 12 months from the date of this prospectus.

For more information on our expected capital expenditure requirements, see “Financial Information — Capital Expenditures and Capital Commitments” in this prospectus.

Cash flows of our Group

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2011 and 2012:

	Year ended March 31,			Three months ended June 30,	
	2010	2011	2012	2011	2012
	(HK\$'000)				
	(unaudited)				
Net cash flows from operating activities	80,925	70,934	113,844	23,987	27,291
Net cash flows (used in) investing activities	(92,693)	(77,408)	(65,437)	(21,044)	(4,186)
Net cash flows from/(used in) financing activities	16,764	30,192	(19,052)	(2,229)	(11,736)
Net increase in cash and cash equivalents	4,996	23,718	29,355	714	11,369
Cash and cash equivalents at beginning of year/ period	33,802	38,810	62,906	62,906	92,082
Net effect of foreign exchange rate changes	12	378	(179)	82	629
Cash and cash equivalents at end of year/ period	38,810	62,906	92,082	63,702	104,080

Operating cash flow

We derive our cash flow from operating activities principally from our restaurant operations. Our working capital requirements are typically used to purchase raw materials and food ingredients and to pay our lease obligations and staff costs. During the Track Record Period, our net cash flow from operating activities represented profit before tax for the year adjusted for income tax paid, our share of profits less losses of our Jointly-Controlled Entities, net finance costs or income, non-cash items and changes in working capital.

In the three months ended June 30, 2012, we had net cash generated from operating activities of HK\$27.3 million. Profit before tax for the period was HK\$31.1 million. Adjustments primarily include our share of profits of our Jointly-Controlled Entities of HK\$4.4 million and depreciation in the amount of HK\$7.3 million, resulting in operating cash flow before changes in working capital of HK\$34.1 million. Changes in working capital represented a net use of HK\$0.8 million in cash, primarily driven by an increase in prepayments, deposits and other receivables of HK\$14.1 million, a decrease in amounts due to related companies of HK\$3.3 million and an increase in trade receivables of HK\$1.0 million. The increase in prepayments, deposits and other receivables was primarily due to increases in rental deposits made by us and prepayments we made to professional parties in connection with the Listing. During the Track Record Period, our trade receivables mainly consisted of receivables from our Jointly-Controlled Entities relating to the sale of food from our central kitchen to these entities. The increase in trade receivables was primarily due to the opening of our restaurant in Macau in May 2011, which is operated by one of our Jointly-Controlled Entities. These cash outflows were partially offset by an increase in other payables and accruals of HK\$12.5 million and an increase in trade payables of HK\$5.5 million. The increase in other payables and accruals was primarily due to an increase in rental expenses payables and an increase in accruals relating to staff costs in connection with our new

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restaurants opened during such period, and accruals of certain expenses relating to the Listing. The increase in trade payables was primarily in line with our business expansion. We paid income tax of HK\$6.0 million in the three months ended June 30, 2012.

In the year ended March 31, 2012, we had net cash generated from operating activities of HK\$113.8 million. Profit before tax for the period was HK\$134.2 million. Adjustments primarily include our share of profits of our Jointly-Controlled Entities of HK\$8.9 million and depreciation in the amount of HK\$21.9 million, resulting in operating cash flow before changes in working capital of HK\$147.3 million. Changes in working capital represented a net use of HK\$19.1 million in cash, primarily driven by an increase in prepayments, deposits and other receivables of HK\$24.2 million, a decrease in amounts due to related companies of HK\$16.4 million, an increase in inventories of HK\$2.4 million and an increase in trade receivables of HK\$2.1 million. The increase in prepayments, deposits and other receivables was primarily due to increases in rental deposits made by us and prepayments we made to professional parties in connection with the Listing. The increase in inventories was primarily due to the opening of three new restaurants⁽¹⁾ over the period. The increase in trade receivables was primarily due to the opening of our restaurant in Macau in May 2011, which is operated by a Jointly-Controlled Entity. These cash outflows were partially offset by an increase in other payables and accruals of HK\$16.0 million and an increase in trade payables of HK\$10.0 million. The increase in other payables and accruals was primarily due to an increase in payables relating to repair and maintenance of our restaurants and accruals of certain expenses relating to the Listing and the increase in trade payables was primarily in line with our business expansion. We paid income tax of HK\$14.3 million in the year ended March 31, 2012.

In the year ended March 31, 2011, we had net cash generated from operating activities of HK\$70.9 million. Profit before tax for the period was HK\$83.5 million. Adjustments primarily include our share of profits less losses of our Jointly-Controlled Entities of HK\$1.8 million, and depreciation in the amount of HK\$22.1 million, resulting in operating cash flow before changes in working capital of HK\$103.9 million. Changes in working capital represented a net use of HK\$17.2 million in cash, primarily driven by a decrease in amounts due to related parties of HK\$14.1 million, an increase in prepayments, deposits and other receivables of HK\$11.5 million and an increase in inventories of HK\$4.0 million. The increase in prepayments, deposits and other receivables and the increase in inventories were primarily due to the opening of five new restaurants over the period. These cash outflows were partially offset by an increase in other payables and accruals of HK\$6.6 million, and an increase in trade payables of HK\$6.1 million. The increase in other payables and accruals was primarily due to an increase in accruals of property, plant and equipment incurred for our new flagship restaurant in Shanghai opened during such period. The increase in trade payables was primarily due to the opening of new restaurant over the period. We paid income tax of HK\$15.7 million in the year ended March 31, 2011.

In the year ended March 31, 2010, we had net cash generated from operating activities of HK\$80.9 million. Profit before tax for the period was HK\$67.6 million. Adjustments primarily include our share of profits less losses of our Jointly-Controlled Entities of HK\$1.3 million, and depreciation in the amount of HK\$15.0 million, resulting in operating cash flow before changes in working capital of HK\$82.0 million. Changes in working capital represented a net increase of HK\$7.3 million in cash, primarily driven by an increase in other payables and accruals of HK\$8.5 million, an increase in trade payables of HK\$4.1 million and a decrease in prepayments, deposits and other receivables of HK\$1.4 million. The increase in other payables and accruals was primarily due to increases in leasehold improvement payables for our new restaurant in Shanghai. The increase in trade payables was in line with our business expansion. These cash

⁽¹⁾ Excludes one restaurant in Macau owned by one of our Jointly-Controlled Entities.

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inflows were partially offset by a decrease in amounts due to related companies of HK\$5.2 million, and an increase in inventories of HK\$1.0 million. We paid income tax of HK\$8.0 million in the year ended March 31, 2010.

Investing cash flow

During the Track Record Period, our investing activities principally consisted of purchases of property, plant and equipment, advances to related companies and directors, repayment of loans from our Jointly-Controlled Entities and advances to our Jointly-Controlled Entities for working capital purposes.

In the three months ended June 30, 2012, we had net cash used in investing activities of HK\$4.2 million, which was primarily due to (i) purchases of property, plant and equipment in the amount of HK\$13.3 million for our new restaurants opened during this period and (ii) an increase in amounts due from directors in the amount of HK\$1.5 million. These cash outflows were partially offset by repayments of amounts due from related companies in the amount of HK\$10.6 million.

In the year ended March 31, 2012, we had net cash used in investing activities of HK\$65.4 million, which was primarily due to (i) purchases of property, plant and equipment in the amount of HK\$63.3 million for our restaurants in Hong Kong and China, (ii) advances to related companies in the amount of HK\$2.7 million and (iii) advances to directors in the amount of HK\$1.4 million. These cash outflows were partially offset by dividends received from our Jointly-Controlled Entity in the amount of HK\$0.3 million and repayments of advances by our Jointly-Controlled Entities in the amount of HK\$1.6 million.

In the year ended March 31, 2011, we had net cash used in investing activities of HK\$77.4 million, which was primarily due to (i) purchases of property, plant and equipment in the amount of HK\$31.0 million for existing and new restaurants, (ii) increase in amounts due from directors and related companies in the amounts of HK\$15.0 million and HK\$27.5 million, respectively, and (iii) advances made to our Jointly-Controlled Entities in the amount of HK\$5.9 million, primarily in respect of our restaurant in Macau for working capital purposes. These cash outflows were partially offset by dividend income in the amount of HK\$2.1 million received from our Jointly-Controlled Entity.

In the year ended March 31, 2010, we had net cash used in investing activities of HK\$92.7 million, which was primarily due to (i) our payment for the purchase of property, plant and equipment in the amount of HK\$15.0 million, (ii) an increase in prepayments for acquisition of property, plant and equipment in the amount of HK\$9.1 million, primarily related to our new restaurants opened in the year ended March 31, 2011 and (iii) increase in amounts due from directors and related companies in the amounts of HK\$16.9 million and HK\$53.1 million, respectively. These cash outflows were partially offset by a repayment of loan by our Jointly-Controlled Entity in the amount of HK\$1.4 million.

Financing cash flow

We derive our cash inflow used in financing activities principally from the proceeds from bank borrowings and amounts due to related companies and directors. Our cash outflow from financing activities relates primarily to our payment of dividends and repayment of bank loans.

In the three months ended June 30, 2012, we had net cash used in financing activities of HK\$11.7 million, which consisted principally of repayments of amounts due to related companies in the amount of HK\$6.8 million and payment for acquisition of non-controlling interests in a subsidiary operating one restaurant in Central, Hong Kong in the amount of HK\$5.0 million.

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In the year ended March 31, 2012, we had net cash used in financing activities of HK\$19.1 million, which consisted principally of repayments of bank borrowings in the amount of HK\$12.8 million and payment of dividends in the amount of HK\$16.8 million, partially offset by advances from related companies in the amount of HK\$6.9 million, capital contributions from Controlling Shareholders of HK\$2.7 million and advances from directors in the amount of HK\$0.9 million.

In the year ended March 31, 2011, we had net cash from financing activities of HK\$30.2 million, which consisted principally of advances from related companies in the amount of HK\$23.3 million, advances from directors in the amount of HK\$7.1 million and proceeds from bank borrowings in the amount of HK\$12.8 million, partially offset by payment of dividends in the amount of HK\$12.9 million.

In the year ended March 31, 2010, we had net cash from financing activities of HK\$16.8 million, which consisted principally of advances from related companies in the amount of HK\$28.9 million, partially offset by repayment of bank borrowings in the amount of HK\$6.0 million and payment of dividends in the amount of HK\$5.5 million. The bank borrowings in the amount of HK\$6.0 million was taken by Joy Express, which ceased to be part of our Group on October 1, 2009.

INDEBTEDNESS

Borrowings and banking facilities of our Group

The following table sets forth a breakdown of our bank borrowings by maturity date as of the dates indicated:

	As of March 31,			As of
	2010	2011	2012	June 30, 2012
	(HK\$'000)			
Within one year	—	12,814	—	—

The following table sets forth a breakdown of our other borrowings by maturity date as of the dates indicated:

	As of March 31,			As of
	2010	2011	2012	June 30, 2012
	(HK\$'000)			
Within one year	139	143	143	143
In the second year	—	135	135	135
In the third to fifth years, inclusive	—	268	149	118
Total	139	546	427	396

As at March 31, 2011, our bank borrowings in the amount of HK\$12.8 million comprised solely of fixed interest rate profits tax loans and was guaranteed by certain of our directors. We repaid all of our bank borrowings in the year ended March 31, 2012. As at March 31, 2012 and June 30, 2012, we had outstanding bank borrowings in the amount of HK\$0.

All of our bank borrowings were denominated in Hong Kong dollar and the effective interest rate as at March 31, 2011 was 2.3%.

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Our other borrowings as of March 31, 2010, 2011 and 2012 and June 30, 2012 were HK\$0.1 million, HK\$0.5 million, HK\$0.4 million and HK\$0.4 million, respectively. These other borrowings are comprised solely of finance leases for the transportation vehicles used for deliveries of food ingredients from the central kitchen to our restaurants. All of these other borrowings are denominated in HK\$ and the effective interest rates as at March 31, 2010, 2011 and 2012 and June 30, 2012 were 8.2%, 5.8%, 5.8% and 5.8%, respectively.

As at September 30, 2012, being the latest practicable date for determining our indebtedness, our Group's total indebtedness amounted to HK\$1.5 million, comprised solely of finance leases. As at September 30, 2012, our Group had contingent liabilities of HK\$0.4 million in relation to a bank guarantee given in favor of a landlord in lieu of rental deposit.

Save as disclosed in "Financial Information — Indebtedness" in this prospectus, as of September 30, 2012, we did not have any outstanding mortgage, charge, debenture or other loan capital (issued or agreed to be issued), bank overdraft, loan, liability under acceptance or other similar indebtedness, hire purchase and finance lease commitments or any guarantee or other material contingent liability.

DISCUSSION OF CERTAIN STATEMENTS OF FINANCIAL POSITION ITEMS

Inventories

During the Track Record Period, our inventories mainly comprised of food and beverages used in our operations, including food ingredients, semi-processed and processed foods, beverages and other finished products. The following table sets out our inventory balances and inventory turnover days as of the dates indicated:

	As of March 31,			As of June 30,
	2010	2011	2012	2012
	(HK\$'000, except turnover days)			
Inventories				
Inventory	3,025	7,009	9,384	9,720
Inventory turnover days ⁽¹⁾	6.9	10.0	12.7	12.6

Note:

(1) Average inventory is the sum of inventory at the beginning of the period plus the inventory at the end of the period divided by two. Inventory turnover days is equal to the average inventory divided by cost of inventories sold multiplied by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for the three months ended June 30, 2012.

Our inventories remained relatively stable at HK\$9.7 million as at June 30, 2012 as compared to HK\$9.4 million as at March 31, 2012. Our inventories increased by 131.7% from HK\$3.0 million as of March 31, 2010 to HK\$7.0 million as of March 31, 2011, mainly due to the expansion of our restaurant network, and our commencement of the use of strategic stockpiles of food ingredients by way of bulk purchases from suppliers, such as of frozen meat, to ensure year-round availability and protect ourselves against price fluctuations for such food ingredients. Our inventories increased by 33.9% from HK\$7.0 million as of March 31, 2011 to HK\$9.4 million as of March 31, 2012, mainly due to the expansion of our restaurant network and further increased use of strategic stockpiles.

We commenced the use of our central kitchen in Hong Kong in 2008. Our inventory turnover days increased from 6.9 days as of March 31, 2010 to 10.0 days as of March 31, 2011, as the operations of our central kitchen achieved its target performance level, allowing us to

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increase use of strategic stockpiles of semi-processed and processed food ingredients which lower our inventory cost by reducing the impact from the increase in cost of food ingredients. The increase in inventory turnover days from 10.0 days as of March 31, 2011 to 12.7 days as of March 31, 2012 was mainly due to our increasing use of stockpiles to stabilize our cost of inventories. Our inventory turnover days of 12.6 days as at June 30, 2012 remained relatively stable compared to our inventory turnover days of 12.7 days as at March 31, 2012. We did not have any deteriorating, slow-moving or obsolete inventory during the Track Record Period.

As of September 30, 2012, approximately HK\$9.2 million of our HK\$9.7 million inventories as of June 30, 2012 were subsequently utilized.

Trade Receivables

During the Track Record Period, our trade receivables mainly represented receivables from our Jointly-Controlled Entities and other corporate customers, such as airline companies. Receivables from our Jointly-Controlled Entities were related to their purchases of processed or semi-processed food ingredients from our central kitchen for use at the two restaurants operated by our Jointly-Controlled Entities. Receivables from airline companies related to purchases of food by their customers at our “*Tsui Wah EATery*” outlet at the Hong Kong International Airport. The credit term for these purchases is generally two months.

An aging analysis of our trade receivables, based on the invoice date, during the Track Record Period is as follows:

	As of March 31,			As of
	2010	2011	2012	June 30, 2012
	(HK\$'000, except turnover days)			
Within one month	493	873	2,054	2,768
One to two months	—	—	910	1,221
Total	<u>493</u>	<u>873</u>	<u>2,964</u>	<u>3,989</u>
Trade receivables turnover days ⁽¹⁾	21.2	44.5	42.4	56.7

Note:

(1) We calculate trade receivables turnover days by dividing average trade receivables by revenue generated from corporate customers at our “*Tsui Wah EATery*” outlet or from sales of food for the relevant period and multiplying 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for the three months ended June 30, 2012. Average trade receivables is calculated by dividing by two the sum of trade receivables at the beginning of the period and trade receivables at the end of the period.

Our trade receivables increased by HK\$1.0 million, or 34.6%, from HK\$3.0 million as of March 31, 2012 to HK\$4.0 million as of June 30, 2012 primarily due to increased sales to our Macau restaurant and our “*Tsui Wah EATery*” outlet at the Hong Kong International Airport.

Our trade receivables increased by HK\$2.1 million, or 239.5%, from HK\$0.9 million as of March 31, 2011 to HK\$3.0 million as of March 31, 2012, primarily due to the opening of our restaurant in Macau, which was operated by a Jointly-Controlled Entity.

Our trade receivables increased by HK\$0.4 million, or 77.1%, from HK\$0.5 million as of March 31, 2010 to HK\$0.9 million as of March 31, 2011, primarily due to increase in sales to one of our restaurants operated by our Jointly-Controlled Entity. We generally have credit terms of 60 days.

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Our trade receivable turnover days increased from 42.4 days as of March 31, 2012 to 56.7 days as of June 30, 2012, primarily due to a delay in settlement of our invoices by an airline company, which were fully settled in July 2012.

As of September 30, 2012, we have received HK\$3.7 million out of the HK\$4.0 million in trade receivables as of June 30, 2012.

Prepayments, deposits and other receivables

During the Track Record Period, our prepayments, deposits and other receivables primarily represented rental deposits, utility deposits and receivables from a smart card service provider, which is an independent third party, in relation to smart card purchases made by our customers, and prepayments of costs relating to the Listing. Under our cooperation agreement with the smart card service provider, the smart card service provider collects the sales revenue at our restaurants from smart card purchases, directly deducts 1.4%, a pre-determined percentage, of sales as a service charge, and remits the remaining amount to us on a daily basis. Our cooperation agreement with the smart card service provider shall continue in force until it is terminated in accordance with the terms of the agreement. Under the terms of the cooperation agreement, starting from June 2016, either party may terminate by providing a six-month written notice. Otherwise, the cooperation agreement may be terminated under specified circumstances, such as material breach of a party's obligation under the agreement, liquidation of a party, merger or consolidation of a party with the resulting entity refusing to assume the obligation under the agreement, or cessation or suspension of a party's business subjected to the service charge under the cooperation agreement. As of March 31, 2010, 2011 and 2012 and June 30, 2012, our prepayments, deposits and other receivables were HK\$12.3 million, HK\$10.6 million, HK\$33.2 million and HK\$42.9 million, respectively. The decrease in prepayments, deposits and other receivables of HK\$1.7 million, or 14.1%, from HK\$12.3 million as of March 31, 2010 to HK\$10.6 million as of March 31, 2011 was primarily due to the reclassification of certain rental deposits to non-current assets as a result of the renewals of certain lease agreements. The increase in prepayments, deposits and other receivables of HK\$22.6 million, or 213.7%, from HK\$10.6 million as of March 31, 2011 to HK\$33.2 million as of March 31, 2012 was primarily due to increase in rental deposits made by us and prepayments we made to professional parties in connection with the Listing. The increase in prepayments, deposits and other receivables of HK\$9.7 million, or 29.3%, from HK\$33.2 million as of March 31, 2012 to HK\$42.9 million as of June 30, 2012 was primarily due to prepayments we made to professional parties in connection with the Listing.

Amounts due from directors and related companies

The following table sets forth an analysis of the amounts due from directors and related companies as of the dates indicated:

	As of March 31,			As of
	2010	2011	2012	June 30, 2012
	(HK\$'000)			
Directors	82,965	97,974	99,395	—
Related companies.	110,928	138,432	141,126	—
Total	193,893	236,406	240,521	—

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The amounts due from directors mainly represented the amounts due from our executive Directors, which amounted to HK\$83.0 million, HK\$98.0 million and HK\$99.4 million as of March 31, 2010, 2011 and 2012, respectively. Such amounts are interest-free, unsecured and have no fixed terms of repayments. All of these amounts due from directors were fully settled as of June 30, 2012.

The amounts due from related companies mainly represented transfers to related companies, which amounted to HK\$110.9 million, HK\$138.4 million and HK\$141.1 million as of March 31, 2010, 2011 and 2012, respectively. All outstanding balances with related companies which are of non-trade nature were fully settled as of June 30, 2012.

Property, plant and equipment

During the Track Record Period, our property, plant and equipment mainly represented leasehold improvements, furniture and fixtures, construction in progress, transportation and motor vehicles and catering and other equipment. As of March 31, 2010, 2011 and 2012 and June 30, 2012, our property, plant and equipment were HK\$27.0 million, HK\$45.7 million, HK\$87.2 million and HK\$93.0 million, respectively. The increase in property, plant and equipment of HK\$18.7 million, or 69.3%, from HK\$27.0 million as of March 31, 2010 to HK\$45.7 million as of March 31, 2011 was primarily due to an increase in leasehold improvements and catering and other equipment for new restaurants opened over such period. The increase in property, plant and equipment of HK\$41.5 million, or 90.8%, from HK\$45.7 million as of March 31, 2011 to HK\$87.2 million as of March 31, 2012 was primarily due to an increase in leasehold improvements and catering and other equipment for three new restaurants in Hong Kong opened over such period, and construction in progress in connection with our preparation of our new restaurants in Wuhan and Shanghai, which opened in May and June 2012, respectively. The increase in property, plant and equipment of HK\$5.8 million, or 6.6%, from HK\$87.2 million as of March 31, 2012 to HK\$93.0 million as of June 30, 2012 was primarily in line with our restaurant network expansion.

Trade Payables

During the Track Record Period, our trade payables primarily related to our purchases of food ingredients and beverages and we were granted approximately 45 days after receipt of the invoice to settle such trade payables.

The table below sets out an ageing analysis of our trade payables and our trade payables turnover days as of the dates indicated.

	As of March 31,			As of
	2010	2011	2012	June 30, 2012
	(HK\$'000, except turnover days)			
Within one month	11,549	15,931	21,360	24,679
One month to two months	11,267	13,029	17,563	19,727
Total	22,816	28,960	38,923	44,406
Trade payables turnover days ⁽¹⁾	56.8	51.6	52.4	54.9

Note:

(1) We calculate trade payables turnover days by dividing average trade payables by cost of inventories sold for the relevant period and multiplying 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for the three months ended June 30, 2012. Average trade payables is calculated by adding trade payables at the beginning of the period and trade payables at the end of the period and dividing by two.

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Our trade payables increased by HK\$6.2 million, or 26.9%, from HK\$22.8 million as of March 31, 2010 to HK\$29.0 million as of March 31, 2011, by HK\$9.9 million, or 34.4%, from HK\$29.0 million as of March 31, 2011 to HK\$38.9 million as of March 31, 2012, by HK\$5.5 million, or 14.1%, from HK\$38.9 million as of March 31, 2012 to HK\$44.4 million as of June 30, 2012, primarily due to the expansion of our business over the same period.

The decrease in trade payables turnover days from 56.8 days as of March 31, 2010 to 51.6 days as of March 31, 2011 was primarily due to an improvement in our payment procedures, resulting in a shorter administrative time for such payment.

As of September 30, 2012, we settled HK\$44.4 million of the HK\$44.4 million in trade payables as of June 30, 2012.

Other Payables and Accruals

During the Track Record Period, our other payables and accruals mainly represented payables to our decorating and refurbishment contractors for leasehold improvements, payables in relation to the purchase of equipment and accruals for wages and salaries. As of March 31, 2010, 2011 and 2012 and June 30, 2012, our other payables and accruals were HK\$27.3 million, HK\$33.8 million, HK\$49.9 million and HK\$62.3 million, respectively. The increase in other payables and accruals of HK\$6.5 million, or 24.2%, from HK\$27.3 million as of March 31, 2010 to HK\$33.8 million as of March 31, 2011 was primarily due to the increase in accruals for wages and salaries as a result of the expansion of our restaurants network. The increase in other payables and accruals of HK\$16.1 million, or 47.3%, from HK\$33.8 million as of March 31, 2011 to HK\$49.9 million as of March 31, 2012 was primarily due to an increase in other payables for leasehold improvements and equipment, mainly related to our new restaurant which we opened in Shanghai in June 2012. The increase in other payables and accruals of HK\$12.4 million, or 25.0%, from HK\$49.9 million as of March 31, 2012 to HK\$62.3 million as of June 30, 2012 was primarily due to an increase in rental expense payable and an increase in accruals relating to staff costs in connection with our new restaurants opened during such period and accruals of certain expenses relating to the Listing.

Amounts due to directors and related companies

The following table sets forth an analysis of the amounts due to directors and related companies as of the dates indicated:

	As of March 31,			As of
	2010	2011	2012	June 30, 2012
	(HK\$'000)			
Directors	25,423	32,532	44,609	—
Related companies	79,093	88,347	78,906	—
Total	104,516	120,879	123,515	—

The amounts due to directors mainly represented the amounts due to our executive Directors, which amounted to HK\$25.4 million, HK\$32.5 million and HK\$44.6 million as of March 31, 2010, 2011 and 2012, respectively. Such amounts are interest-free, unsecured and have no fixed terms of repayments. All of these amounts due to directors were fully settled as of June 30, 2012.

The amounts due to related companies mainly represented transfers from related companies, which amounted to HK\$79.1 million, HK\$88.3 million and HK\$78.9 million as of March 31, 2010, 2011 and 2012, respectively. All outstanding balances with related companies which are of non-trade nature were fully settled as of June 30, 2012.

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CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

Our capital expenditures, as represented by our additions to property, plant and equipment, during our Track Record Period primarily related to expenditures on the (i) construction of property, plant and equipment for our new restaurants and central kitchen, (ii) maintenance of existing restaurants and (iii) acquisition of furniture, fixtures, catering equipment and motor vehicles and transportation vehicles used in our operations. Our total capital expenditures amounted to HK\$15.0 million, HK\$40.8 million, HK\$63.3 million and HK\$13.3 million for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. Our capital expenditures increased by HK\$25.8 million, or 171.8%, from HK\$15.0 million for the year ended March 31, 2010 to HK\$40.8 million for the year ended March 31, 2011 and by HK\$22.5 million, or 55.2%, from HK\$40.8 million for the year ended March 31, 2011 to HK\$63.3 million for the year ended March 31, 2012. Such increases primarily reflected our increased investment in the design and decoration of our new restaurants.

We anticipate our capital expenditures in the future will increase as we open new restaurants, new central kitchens and expand our operations. Our projected capital expenditures for each of the three years ending March 31, 2013, 2014 and 2015 is approximately HK\$95.7 million, HK\$232.0 million and HK\$214.0 million, respectively. We expect that our planned capital expenditures for each of the three years ending March 31, 2013, 2014 and 2015 will be primarily used for property, plant and equipment for our expansion plans in Hong Kong and the PRC and upgrading of our information technology systems.

Our expansion plans in Hong Kong and the PRC for each of the three years ending March 31, 2013, 2014 and 2015 and the related projected capital expenditures are summarized as follows:

	<u>For the year ending March 31,</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
PRC			
<i>New restaurant</i>			
Number of new restaurants to be opened	5	8	11
Projected capital expenditures (HK\$ million).	45.0	72.0	99.0
<i>Central kitchen</i>			
Number of new central kitchen to be opened	—	1	1
Projected capital expenditures (HK\$ million).	—	55.0	60.0
Hong Kong			
<i>New restaurant</i>			
Number of new restaurants to be opened	5	4	4
Projected capital expenditures (HK\$ million).	45.0	36.0	36.0
<i>Central kitchen</i>			
Number of new central kitchen to be opened	—	1	—
Projected capital expenditures (HK\$ million).	—	55.0	5.0
<i>Delivery center</i>			
Number of new delivery centers to be opened	1	3	3
Projected capital expenditures (HK\$ million).	1.5	4.5	4.5
<i>Catering service</i>			
Projected capital expenditures (HK\$ million).	2.0	1.5	1.5
Information technology system upgrade			
Projected capital expenditures (HK\$ million).	2.2	8.0	8.0

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We expect that approximately 70.0% and 30.0% of our projected capital expenditure will be funded from a portion of the net proceeds from the Global Offering and cash generated from our operating activities, respectively. From July 1, 2012 to the Latest Practicable Date, the capital expenditures we incurred amounted to HK\$26.6 million. See “Business — Expansion Plans, Site Selection and Development” in this prospectus for a detailed description of our expansion plans.

Our planned capital expenditures are projections only and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We may make necessary adjustment depending on the existing market conditions and status of the various expansion plans.

Our capital commitments generally comprise payments to our decorating and refurbishment contractors in connection with the leasehold improvements for our new restaurants. The following table sets forth our capital commitments as of the dates indicated.

	As of March 31,			As of
	2010	2011	2012	June 30, 2012
	(HK\$'000)			
Contracted but not provided for				
— Leasehold improvements	4,743	13,873	5,222	327
Authorized, but not contracted for				
— Leasehold improvements	—	—	4,000	—
	<u>4,743</u>	<u>13,873</u>	<u>9,222</u>	<u>327</u>

OPERATING LEASE COMMITMENTS

We lease the premises for our restaurants and office premises under operating lease arrangements. The following table sets forth our future operating lease commitments under non-cancellable operating leases as of the dates indicated.

	As of March 31,			As of
	2010	2011	2012	June 30, 2012
	(HK\$'000)			
Within one year	30,384	53,661	73,985	66,307
In the second to fifth years, inclusive . .	27,542	63,062	90,616	106,355
Beyond five years	1,165	311	21,324	12,153
Total	<u>59,091</u>	<u>117,034</u>	<u>185,925</u>	<u>184,815</u>

CONTINGENT LIABILITIES

As at the Latest Practicable Date, other than disclosed in the section entitled “Business — Legal Proceedings” in this prospectus, we were not involved in any legal proceedings pending or, to our knowledge, threatened against us which could have a material adverse effect on our business or operations. The Directors confirm that as at the Latest Practicable Date, other than disclosed in “Financial Information — Indebtedness” in this prospectus, we did not have any material contingent liabilities.

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RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in Note 28 of the Accountants' Report in Appendix I to this prospectus, our Directors confirm that each transaction set forth therein were conducted on arm's length basis, on normal commercial terms and in the ordinary course of business.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, except for the capital commitments disclosed above, we had no other material off-balance sheet arrangements.

FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group during the Track Record Period:

	Notes	Year ended March 31,			Three months ended
		2010	2011	2012	June 30, 2012
Revenue growth		N/A	35.9%	27.5%	33.7%
Net profit growth	1	N/A	18.7%	62.3%	27.3%
Current ratio	2	1.5	1.6	1.7	1.3
Quick ratio	3	1.5	1.5	1.6	1.2
Gearing ratio	4	74.8%	68.4%	44.0%	0.1%
Debt to equity ratio	5	-27.6%	-25.3%	-32.6%	-56.3%
Interest coverage	6	188.2	828.0	834.6	5,187.2
Return on equity	7	40.9%	34.8%	39.3%	55.9%
Return on total assets	8	19.0%	17.1%	21.7%	33.6%
Gross margin	9	69.6%	69.4%	69.0%	69.1%
Net profit margin before interest and tax	10	15.4%	14.0%	17.6%	13.9%
Net profit margin	11	13.0%	11.4%	14.5%	11.5%
Inventory turnover days	12	6.9	10.0	12.7	12.6
Debtors' turnover days	13	21.2	44.5	42.4	56.7
Creditors' turnover days	14	56.8	51.6	52.4	54.9

Notes:

1. Net profit growth refers to growth of profit for the year/period as shown on our consolidated financial information.
2. The calculation of current ratio is calculated by dividing total current assets by total current liabilities.
3. The calculation of quick ratio is calculated by dividing current assets (net of inventories) by current liabilities.
4. The calculation of gearing ratio is calculated by dividing total debt by total equity. Total debt is defined to include payables incurred not in the ordinary course of business.
5. The calculation of the debt to equity ratio is calculated by dividing net debt by total equity. Net debt is defined to include all borrowings net of cash and cash equivalents.
6. The calculation of the interest coverage is calculated by dividing profit before interest and tax by finance costs.
7. For each of the three years ended March 31, 2012, the calculation of return on equity is calculated by dividing profit for the year by total equity and multiplying the resulting value by 100%. For the three months ended June 30, 2012, the calculation of return on equity is calculated by dividing profit for the period by total equity, multiplying by 365/91, and then multiplying the resulting value by 100%.
8. For each of the three years ended March 31, 2012, the calculation of return on total assets is calculated by dividing profit for the year by total assets and multiplying the resulting value by 100%. For the three months ended June 30, 2012, the calculation of return on total assets is calculated by dividing profit for the period by total assets, multiplying by 365/91, and then multiplying the resulting value by 100%.

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9. The calculation of gross margin is calculated by dividing gross profit by revenue and multiplying the resulting value by 100%. Gross profit equals revenue minus cost of inventories sold.
10. The calculation of net profit margin before interest and tax is calculated by dividing net profit before interest and taxes by revenue and multiplying the resulting value by 100%.
11. The calculation of net profit margin is calculated by dividing profit for the year/period by revenue and multiplying the resulting value by 100%.
12. The calculation of inventory turnover days is calculated by dividing average inventories by cost of inventories sold and multiplying the resulting value by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012. The average inventories is the inventories at the beginning of the period plus the inventories at the end of the period with the sum divided by two.
13. The calculation of debtors' turnover days is calculated by dividing average trade receivables by revenue generated from corporate customers at our "Tsui Wah EATery" outlet and from sales of food and multiplying the resulting value by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012. The average trade receivables is the trade receivables at the beginning of the period plus the trade receivables at the end of the period with the sum divided by two.
14. The calculation of creditors' turnover days is calculated by dividing average trade payables by cost of inventories sold and multiplying the resulting value by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012. The average trade payables is the trade payables at the beginning of the period plus the trade payables at the end of the period with the sum divided by two.

Current ratio

Our current ratio was 1.5, 1.6, 1.7 and 1.3 as of March 31, 2010, 2011 and 2012 and June 30, 2012, respectively. The increase in current ratio reflected our increased net current assets during the Track Record Period.

Quick ratio

Our quick ratio was 1.5, 1.5, 1.6 and 1.2 as of March 31, 2010, 2011 and 2012 and June 30, 2012, respectively. The increase in quick ratio was mainly due to an increase in current assets during the Track Record Period.

Gearing ratio

Our gearing ratio was 74.8%, 68.4%, 44.0% and 0.1% as of March 31, 2010, 2011 and 2012 and June 30, 2012, respectively. The decrease in gearing ratio was mainly due to the decrease in bank borrowings and decrease in amounts due to directors and related companies.

Debt to equity ratio

Our debt to equity ratio was -27.6%, -25.3%, -32.6% and -56.3% as of March 31, 2010, 2011 and 2012 and June 30, 2012, respectively.

Interest coverage

Our interest coverage was 188.2, 828.0, 834.6 and 5,187.2 for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. The significant increase in interest coverage for the year ended March 31, 2011 was mainly due to the decrease in our finance costs.

Return on equity

Our return on equity was 40.9%, 34.8%, 39.3% and 55.9% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

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Return on total assets

Our return on total assets was 19.0%, 17.1%, 21.7% and 33.6% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. For the year ended March 31, 2012, the increase in our profit for the year was greater than the increase in total assets.

Gross margin

Our gross margin was 69.6%, 69.4%, 69.0% and 69.1% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Net profit margin before interest and tax

Our net profit margin before interest and tax was 15.4%, 14.0%, 17.6% and 13.9% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Net profit margin

Our net profit margin was 13.0%, 11.4%, 14.5% and 11.5% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Inventory turnover days

The inventory turnover days was 6.9 days, 10.0 days, 12.7 days and 12.6 days for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Debtors' turnover days

The debtors' turnover days was 21.2 days, 44.5 days, 42.4 days and 56.7 days for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Creditors' turnover days

The creditors' turnover days was 56.8 days, 51.6 days, 52.4 days and 54.9 days for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

DISCUSSION OF CERTAIN FINANCIAL INFORMATION OF OUR JOINTLY-CONTROLLED ENTITIES

Jointly-Controlled Entities are companies over which our Group is in a position to exercise joint control with other joint venture parties in accordance with contractual arrangements and where none of the participating parties has unilateral control over the economic activity of the joint venture.

During the Track Record Period, we had two Jointly-Controlled Entities. One Jointly-Controlled Entity was established for the operation of one of our restaurants in a shopping mall in Hong Kong, under a joint venture arrangement with a joint venture partner. A second Jointly-Controlled Entity was established for the operation of our restaurant in the Galaxy casino in Macau.

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Our Group's share of our Jointly-Controlled Entities' results is recognized in the consolidated income statements under the equity method of accounting.

Certain Income Statement Components

The table below sets forth certain income statement items of the Group's share of Jointly-Controlled Entities' results.

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
(HK\$'000, except percentages) (unaudited)										
Share of the Jointly-Controlled Entities' results:										
REVENUE	24,096	100.0	25,861	100.0	64,130	100.0	10,956	100.0	20,349	100.0
Other income	9	0.0	1	0.0	215	0.3	1	0.0	99	0.5
Total expenses	(22,072)	(91.6)	(23,851)	(92.2)	(53,962)	(84.1)	(11,698)	(106.8)	(15,455)	(76.0)
PROFIT/(LOSS) BEFORE TAX . . .	2,033	8.4	2,011	7.8	10,383	16.2	(741)	(6.8)	4,993	24.5
Income tax expense	(251)	(1.0)	(357)	(1.4)	(1,342)	(2.1)	(82)	(0.7)	(638)	(3.1)
PROFIT/(LOSS) AFTER TAX	1,782	7.4	1,654	6.4	9,041	14.1	(823)	(7.5)	4,355	21.4
Losses in excess of investment cost not shared by the Group in current year/period	—		136		—		1,238		—	
Previous losses in excess of investment cost shared by the Group in current year/period . . .	(506)		—		(136)		—		—	
PROFIT FOR THE YEAR/PERIOD SHARED BY THE GROUP	<u>1,276</u>		<u>1,799</u>		<u>8,905</u>		<u>415</u>		<u>4,355</u>	

Our share of our Jointly-Controlled Entities' revenue increased significantly by HK\$9.3 million, or 85.7%, from HK\$11.0 million for the three months ended June 30, 2011 to HK\$20.3 million for the three months ended June 30, 2012, and by HK\$38.2 million, or 148.0%, from HK\$25.9 million for the year ended March 31, 2011 to HK\$64.1 million for the year ended March 31, 2012, primarily due to the opening of our restaurant in Macau, which is owned by one of our Jointly-Controlled Entities, in May 2011.

For the three months ended June 30, 2011, we incurred a loss before tax in the amount of HK\$0.7 million and loss after tax in the amount of HK\$0.8 million for our share of our Jointly-Controlled Entities results. This operating loss was mainly due to the pre-operating expenses incurred for our restaurant in Macau, which opened in May 2011.

Total expenses as a percentage of revenue decreased from 106.8% for the three months ended June 30, 2011 to 76.0% for the three months ended June 30, 2012 and from 92.2% for the year ended March 31, 2011 to 84.1% for the year ended March 31, 2012. These decreases were primarily attributable to the fact that (i) the prices of our menu items at our Macau restaurant are generally higher than our average menu price in Hong Kong and (ii) our restaurant in Macau is open 24 hours per day, thus efficiently utilizing our overhead costs and fixed operating costs.

The "previous losses in excess of investment cost shared by the Group in current year/period" for the year ended March 31, 2010 represented the losses of Famous Star for the year ended March 31, 2009 attributable to the Group in excess of the Group's investment in Famous Star and thus were not shared by the Group in that financial year and were shared by the Group in the subsequent year ended March 31, 2010 during which Famous Star was profit-making. The

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“losses in excess of investment cost not shared by the Group in current year/period” for the year ended March 31, 2011 and for the three-month period ended June 30, 2011 represented the losses of Pak Tat attributable to the Group being in excess of the Group’s investment in Pak Tat and thus were not shared by the Group in those financial year and period. As subsequently Pak Tat was profit-making in the year ended March 31, 2012, the Group shared all the previous losses in that financial year. As all the previous losses of Famous Star and Pak Tat had already been shared by the Group in the year ended March 31, 2012 and the jointly-controlled entities were profit-making in the period ended June 30, 2012, there was no adjustment in that period. The above accounting treatment is consistent with our accounting policy as set out in the Accountants’ Report in Appendix I to this prospectus and complies with the requirements of HKFRSs.

Primarily as a result of the foregoing, our profit for the year shared by the Group increased by HK\$3.9 million, or 949.4%, from HK\$0.4 million for the three months ended June 30, 2011 to HK\$4.4 million for the three months ended June 30, 2012, and by HK\$7.1 million, or 397.5%, from HK\$1.8 million for the year ended March 31, 2011 to HK\$8.9 million for the year ended March 31, 2012.

Certain Statements of Financial Position Items

The table below sets forth certain statements of financial position items of our Group’s share of Jointly-Controlled Entities’ assets and liabilities.

	As of March 31,			As of
	2010	2011	2012	June 30, 2012
	(HK\$’000)			
Share of the Jointly-Controlled				
Entities’ assets and liabilities:				
Current assets	3,408	2,117	24,730	21,992
Non-current assets	3,825	3,013	9,474	8,656
Current liabilities	(5,957)	(4,127)	(24,746)	(16,773)
Net assets	<u>1,276</u>	<u>1,003</u>	<u>9,458</u>	<u>13,875</u>

As of March 31, 2010, 2011 and 2012 and June 30, 2012, our share of our Jointly-Controlled Entities’ current assets were HK\$3.4 million, HK\$2.1 million, HK\$24.7 million and HK\$22.0 million, respectively. The increase in current assets of HK\$22.6 million, or 1,068%, from HK\$2.1 million as of March 31, 2011 to HK\$24.7 million as of March 31, 2012 was mainly due to an increase in cash and cash equivalents resulted from the investment injected by our Group and our joint venture partner by way of a shareholders’ loan into our Jointly-Controlled Entity operating our restaurant in Galaxy casino Macau, which opened in May 2011. The decrease in current assets of HK\$2.7 million, or 11.1%, from HK\$24.7 million as of March 31, 2012 to HK\$22.0 million as of June 30, 2012 was mainly due to a decrease in other receivables from our joint venture partner of our Macau restaurant relating to renovation of our Macau restaurant.

As of March 31, 2010, 2011 and 2012 and June 30, 2012, our share of our Jointly-Controlled Entities’ non-current assets were HK\$3.8 million, HK\$3.0 million, HK\$9.5 million and HK\$8.7 million, respectively. The increase in non-current assets of HK\$6.5 million, or 214.4%, from HK\$3.0 million as of March 31, 2011 to HK\$9.5 million as of March 31, 2012 was primarily due to an increase in property, plant and equipment relating to our restaurant in Macau. The decrease in non-current assets of HK\$0.8 million, or 8.6%, from HK\$9.5 million as of March 31, 2012 to HK\$8.7 million as of June 30, 2012 was mainly due to the depreciation of our property, plant and equipment for our two restaurants operated by our Jointly-Controlled Entities.

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As of March 31, 2010, 2011 and 2012 and June 30, 2012, our share of our Jointly-Controlled Entities' current liabilities were HK\$6.0 million, HK\$4.1 million, HK\$24.7 million and HK\$16.8 million, respectively. The increase in current liabilities of HK\$20.6 million, or 499.6%, from HK\$4.1 million as of March 31, 2011 to HK\$24.7 million as of March 31, 2012 was primarily due to (i) the shareholders' loan injected by our Group and our joint venture partner into our Jointly-Controlled Entity operating our restaurant in Macau, (ii) an increase in trade payables in relation to our Macau restaurant and (iii) an increase in other payables and accruals relating to the property, plant and equipment and renovation of our Macau restaurant. The decrease in current liabilities of HK\$8.0 million, or 32.2%, from HK\$24.8 million as of March 31, 2012 to HK\$16.8 million as of June 30, 2012 was primarily due to settlement of certain payables relating to property, plant and equipment of our Macau restaurant.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Interest rate risk

We have no significant interest-bearing assets other than bank deposits. We do not consider our Group's exposure of bank deposits to interest rate risk to be significant as interest rates of bank deposits are not expected to fluctuate significantly. During the Track Record Period, our Group's bank and other borrowings were of fixed interest rate. Accordingly, our Directors believe that our Group's exposure to interest rate risk is minimal. We have not entered into any interest rate hedging contracts or any other derivative financial instruments.

Foreign currency risk

Our Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars or Renminbi. Given that fluctuations between Renminbi and Hong Kong dollars are under the control of the PRC government, our Directors consider that foreign currency risk is not material and therefore, our Group does not have a foreign currency hedging policy. However, our management monitors our foreign exchange exposure regularly and will consider hedging significant foreign currency exposure when such need arises.

Credit risk

The majority of our revenue is on a cash basis and thus does not subject us to credit risk. Our Group's credit risk is primarily attributable to deposits with banks, prepayments, deposits and other receivables and amounts due from directors and related companies. Our management has policies in place and exposures to these credit risks are monitored on an ongoing basis.

Liquidity risk

We had net current assets as of March 31, 2010, 2011 and 2012 and June 30, 2012. We monitor our current and expected liquidity requirements regularly and ensure that sufficient cash and/or adequate committed lines of funding from financial institutions are available to meet our liquidity requirements for both the short and long term.

DIVIDEND AND DIVIDEND POLICY

During the Track Record Period, we declared and paid dividends of HK\$5.0 million, HK\$12.1 million, HK\$15.3 million and HK\$117.9 million for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. We declared a one-off and non-recurring dividend to the existing Shareholders of approximately HK\$53.5 million in October 2012, all of which is expected to be paid by December 2012. Such dividend will be funded by using our internal resources. Investors in the Global Offering and persons

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becoming Shareholders after the Listing will not be entitled to such dividend. After completion of the Global Offering, our Shareholders will be entitled to receive dividends only when declared by our Board. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. As regards our PRC-incorporated subsidiaries, the PRC laws require that dividends be paid only out of the net profit calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including HKFRS. The PRC laws also require foreign-invested enterprises, such as our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

Subject to the factors described above, we currently intend to recommend at the annual general meetings of our Company that dividends of not less than 30% of our net profit for each year after the Listing (that is, for the avoidance of doubt, commencing from the year ending March 31, 2013) would be available for distribution to shareholders after the Global Offering.

Cash dividends on our shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to our shareholders by any means which our Directors deem legal, fair and practicable. Investors should note that historical dividend distributions are not indicative of our future dividend distribution policy.

DISCLOSURE UNDER RULES 13.11 TO 13.19 OF THE LISTING RULES

Our Directors confirm that they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.11 to 13.19 of the Listing Rules.

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UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of our unaudited pro forma adjusted consolidated net tangible assets and is based on the audited consolidated net assets attributable to owners of our Company as at June 30, 2012 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below:

	Audited consolidated net tangible assets attributable to owners of our Company as at June 30, 2012	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company	Unaudited pro forma adjusted consolidated net tangible assets per Share
	HK\$'000	HK\$'000	HK\$'000	HK\$
	(Note 1)	(Note 2)		(Notes 3, 4 and 5)
Based on an Offer Price of HK\$1.89 per Share	184,002	570,001	754,003	0.57
Based on an Offer Price of HK\$2.27 per Share	184,002	692,225	876,227	0.66

Notes:

- Our audited consolidated net tangible assets attributable to owners of our Company as at June 30, 2012 is arrived at after deducting non-controlling interests of HK\$78,000 from the audited consolidated net assets of HK\$184,080,000 as at June 30, 2012, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- Our estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$1.89 to HK\$2.27 per Share, being the lower end to higher end of the stated offer price range, after deduction of the estimated underwriting fees and other related expenses payable by our Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.
- Our unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments as described in note 2 above and on the basis that 1,333,334,000 Shares are in issue assuming that the Global Offering and the Capitalization Issue have been completed on June 30, 2012 but takes no account of any Shares which may be issued upon exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.
- The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company does not take into account a special dividend of HK\$53,474,000 declared by our Company to our then shareholders in October 2012. Had the special dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK\$0.53 (assuming an Offer Price of HK\$1.89 per Share) and HK\$0.62 (assuming an Offer Price of HK\$2.27 per Share), respectively.
- The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company does not take into account the 100,000,200 shares to be issued upon the full exercise of the Pre-IPO share options granted under the Pre-IPO Share Option Scheme. Had the Pre-IPO Share Option Scheme been taken into account, assuming that all the Pre-IPO share options granted have been fully exercised on June 30, 2012, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK\$0.66 (assuming an Offer Price of HK\$1.89 per Share) and HK\$0.77 (assuming an Offer Price of HK\$2.27 per Share), respectively.
- No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to June 30, 2012.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2012 (being the date to which the latest audited financial statements of our Group were made up) and up to the date of this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND PROSPECTS

See “Business — Expansion Plans, Site Selection and Development” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK\$2.08 per Share, being the mid-point of the indicative range of the Offer Price of HK\$1.89 to HK\$2.27 per Share, and assuming the Over-allotment Option is not exercised) will be approximately HK\$631.1 million. Our Directors intend to apply the net proceeds from the Global Offering as follows:

- approximately HK\$126.2 million, representing approximately 20% of the net proceeds will be used for opening new restaurants and delivery centers and launch of catering service in Hong Kong;
- approximately HK\$220.9 million, representing approximately 35% of the net proceeds will be used for opening new restaurants in China;
- approximately HK\$63.1 million, representing approximately 10% of the net proceeds will be used for construction of our new central kitchen in Hong Kong;
- approximately HK\$126.2 million, representing approximately 20% of the net proceeds will be used for construction of our new central kitchens in Shanghai and Southern China;
- approximately HK\$31.6 million, representing approximately 5% of the net proceeds will be used for upgrading our information technology systems; and
- the remaining balance of approximately HK\$63.1 million, representing 10% of the net proceeds, will be used for additional working capital and other general corporate purposes.

If the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK\$2.27 per Share, the net proceeds we receive from the Global Offering will increase by approximately HK\$61.1 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the Offer Price is set at the low-end of the indicative range of the Offer Price, being HK\$1.89 per Share, the net proceeds we receive from the Global Offering will decrease by approximately HK\$61.1 million. We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, after deducting underwriting fees and estimated expenses payable by it, will be approximately (i) HK\$109.5 million, assuming the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK\$2.27 per Share; (ii) HK\$100.4 million, assuming the Offer Price is fixed at the mid-point of the indicative range of the Offer Price, being HK\$2.08 per Share; and (iii) HK\$91.2 million, assuming the Offer Price is fixed at the low-end of the indicative range of the Offer Price, being HK\$1.89 per Share. Any additional proceeds received by us from the exercise of the Over-allotment Option will also be allocated to the above businesses and projects on a pro-rata basis.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorized financial institutions and/or licensed banks in Hong Kong.

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HONG KONG UNDERWRITERS

The Hong Kong Underwriters are:

Sole Lead Manager

Deutsche Bank AG, Hong Kong Branch

Co-lead Manager

CCB International Capital Limited

INTERNATIONAL UNDERWRITERS

The International Underwriters are expected to be:

Sole Lead Manager

Deutsche Bank AG, Hong Kong Branch

Co-lead Manager

Kingsway Financial Services Group Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on Tuesday, November 13, 2012. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong Public Offer Shares for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein, and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to apply to purchase or procure applications to purchase the Hong Kong Public Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. on the Listing Date.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Public Offer Shares under the Hong Kong Underwriting Agreement will be subject to termination with immediate effect by notice (orally or in writing) from the Sole Global

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Coordinator, for itself and on behalf of the Hong Kong Underwriters, if at any time prior to 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
- (i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism); or
 - (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union as a whole or any other jurisdiction relevant to any member of our Group (“**Relevant Jurisdictions**”); or
 - (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shenzhen Stock Exchange and the Shanghai Stock Exchange; or
 - (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organization or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign (“**Authority**”)), New York (imposed at Federal or New York State level or other competent Authority), London, the PRC, the European Union as a whole, or the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or jurisdictions; or
 - (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent Authority in or affecting any of the Relevant Jurisdictions; or
 - (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union as a whole on the PRC or any of the Relevant Jurisdictions; or
 - (vii) a change or development involving a prospective change in taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

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- (viii) any litigation or claim of any third party being threatened or instigated against any member of our Group; or
- (ix) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (x) the chairman, chief executive officer or chief financial officer of our Company vacating his or her office; or
- (xi) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or
- (xii) the commencement by an Authority or a political body or organization in any of the Relevant Jurisdictions of any investigation or other action against any Director or an announcement by an Authority or a political body or organization in any of the Relevant Jurisdictions that it intends to take any such action; or
- (xiii) save as disclosed in this prospectus, the Application forms, the press announcement in agreed form to be issued in connection with the Hong Kong Public Offering pursuant to the Listing Rules, the preliminary and final offering circulars relating to the International Placing Shares and any other document issued, given or used in connection with the offering and sale of the Offer Shares or otherwise in connection with the Global Offering, including all amendments or supplements thereto, a contravention by any member of our Group of the Listing Rules or applicable laws; or
- (xiv) a prohibition on our Company for whatever reason from allotting or selling the Shares (including the Shares to be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xv) any adverse change or development involving a reasonably likely material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position, prospects or condition, financial or otherwise, or performance of our Group taken as a whole of any of the risks set out in "Risk Factors" in this prospectus; or
- (xvi) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or
- (xvii) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xviii) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with our creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the

UNDERWRITING

appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole opinion of the Sole Global Coordinator:

- (1) has or will or may have a material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, results of operations, position, prospects or condition, financial or otherwise of our Company and the other members of our Group, taken as a whole; or
 - (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or
 - (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or
 - (4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there has come to the notice of the Sole Global Coordinator:
- (i) that any statement contained in any of this prospectus or the Application Forms 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 Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, expression of opinion, intention or expectation contained in any of this prospectus or the Application Forms and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest in any material respect and is not based on reasonable assumptions; or
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of this prospectus or the Application Forms 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 Offering (including any supplement or amendment thereto); or
 - (iii) any event, act or omission which gives or is likely to give rise to any material liability of any of the indemnifying parties pursuant to the indemnities referred to in Clause 12 of the Hong Kong Underwriting Agreement; or

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- (iv) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company and any member of our Group; or
- (v) any breach of, or any event rendering untrue or incorrect in any material respect, any of the warranties given under the Hong Kong Underwriting Agreement; or
- (vi) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the date of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (vii) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (viii) that, as a result of material adverse and abrupt change in market conditions, any material order placed by any investor immediately before the Price Determination Date, has been withdrawn or cancelled, and the Sole Global Coordinator, in its sole and absolute discretion after due consideration, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering. For the avoidance of doubt, the right to terminate under this (viii) is only exercisable from 3:00 p.m. on the day immediately before the Listing Date to 8:00 a.m. on the Listing Date.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by us

Pursuant to Rule 10.08 of the Listing Rules, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or any issue of shares or securities in circumstances prescribed by Rule 10.08 of the Listing Rules, we will not, at any time within six months from the Listing Date, issue any shares or other securities convertible into our equity securities or enter into any agreement or arrangement to issue such shares or securities (whether or not such issue of shares or securities will be completed within six months from the Listing Date).

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), that he or it will not, and shall procure that any other registered holder(s) (if any) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

- (a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date ("**First Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he or it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) ("**Parent Shares**"); or

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- (b) during the period of six months commencing on the date on which the First Six-month Period expires (“**Second Six-month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Parent Shares to such an extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be our controlling shareholder (as defined in the Listing Rules).

Further, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that, during the First Six-month Period and the Second Six-month Period, he or it will:

- (a) if he or it pledges or charges any of our securities beneficially owned by him or it in favor of an authorized 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 securities so pledged or charged; and
- (b) if he or it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities will be disposed of, immediately inform us of such indications.

We will also 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 in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by us

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to the Sole Global Coordinator, the Hong Kong Underwriters and the Sole Sponsor that, and our Controlling Shareholders have agreed to procure that, except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is twelve months after the Listing Date, we will not, and will procure each other member of the Group not to, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (on behalf of the Underwriters) and unless in compliance with the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any

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securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable); or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable); or
- (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period).

Undertakings by our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of our Controlling Shareholders has undertaken to each of us, the Sole Global Coordinator, the Hong Kong Underwriters and the Sole Sponsor that, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules it 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 twelve months after the Listing Date:

- (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable), or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any interest therein in (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

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in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period).

Indemnity

We and our Controlling Shareholders have agreed to indemnify the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Other Undertakings

Pursuant to the Deed of Lock-Up Undertaking, Mr. Lock and Macca Investment has undertaken to the Company, the Sole Sponsor, the Sole Global Coordinator and the Underwriters that, without the prior written consent of the Sole Global Coordinator (on behalf of the Underwriters) and unless in compliance with the Listing Rules, he will not, at any time during the period commencing from the date of the Deed of Lock-Up Undertaking to the date that is twelve months after the Listing Date:

- (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable) (“**Relevant Shares**”) or any interest in any company or entity holding, directly or indirectly, any of the Relevant Shares (“**Holding Entity**”); or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Shares or any interest in any Holding Entity; or
- (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or
- (d) offer or agree or contract to, or publicly announce any intention to enter into, any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period).

The International Placing

In connection with the International Placing, it is expected that we and our Controlling Shareholders will enter into the International Underwriting Agreement with the Sole Global Coordinator, the International Underwriters and the Sole Sponsor. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Placing Shares being offered pursuant to the International Placing or procure purchasers for such International Placing Shares.

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We will grant to the International Underwriters the Over-allotment Option, exercisable by the Stabilizing Manager in agreement with the Sole Global Coordinator on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require us to offer up to an aggregate of 50,000,000 additional Shares, together representing 15% of the number of Shares initially being offered under the Global Offering, at the Offer Price to solely cover over-allocations in the International Placing, if any.

Under the International Underwriting Agreement, we and our Controlling Shareholders will agree to indemnify the International Underwriters and the Sole Sponsor against certain losses which they may suffer including losses as a result of certain claims or liabilities which might be incurred by the International Underwriters.

Underwriting Commission and expenses

Under the terms and conditions of the Hong Kong Underwriting Agreement, the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) will receive an underwriting commission equal to 3.0% on the aggregate Offer Price payable in respect of all of the Hong Kong Public Offer Shares (excluding any International Placing Shares reallocated to the Hong Kong Public Offering and any Hong Kong Public Offer Shares reallocated to the International Placing). The respective entitlements of the Hong Kong Underwriters to the underwriting commission will be paid as separately agreed between the Sole Global Coordinator and the Hong Kong Underwriters. For unsubscribed Hong Kong Public 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 relevant International Underwriters (but not the Hong Kong Underwriters). In addition, our Company may, at its sole discretion, to pay to the Sole Global Coordinator for its accounts an incentive fee of 0.5% of the Offer Price for each Offer Share.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK\$2.08 per Share (being the mid-point of the indicative Offer Price range of HK\$1.89 to HK\$2.27 per Share), the aggregate commissions and fees, together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering to be borne by us are estimated to amount to approximately HK\$62.2 million in aggregate (assuming an Offer Price of HK\$2.08, being the mid-point of the indicative range of the Offer Price of HK\$1.89 to HK\$2.27).

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement or as otherwise disclosed in this prospectus, none of the Underwriters is interested legally or beneficially in any shares of any of our members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Global Offering.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

Independence of the Sole Sponsor

Deutsche Securities Asia Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

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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 authorized or to any person to whom it is unlawful to make such an offer or invitation.

In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. Deutsche Securities Asia Limited is the Sole Sponsor for the listing of the Shares on the Stock Exchange and Deutsche Bank AG, Hong Kong Branch is the Sole Global Coordinator, Sole Lead Manager and Sole Bookrunner of the Global Offering.

The Global Offering initially consists of:

- (i) the Hong Kong Public Offering of 33,334,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described in “— Hong Kong Public Offering” in this section below; and
- (ii) the International Placing of 300,000,000 Offer Shares (subject to adjustment and the Over-allotment Option as mentioned below) in the United States to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Placing, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have applied for Hong Kong Public Offering Shares in the Hong Kong Public Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S and to QIBs in the United States in reliance on Rule 144A. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Underwriters are soliciting from prospective investors' indications of interest in acquiring the Offer Shares in the International Placing. Prospective professional, institutional and other 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 and to cease on or around, the last day of lodging applications under the Hong Kong Public Offering.

Eligible Employees may make an application for the Employee Reserved Shares on a **PINK** Application Form and, in addition, will be entitled to apply for Hong Kong Public Offer Shares under the Hong Kong Public Offering but may not apply for or indicate an interest for International Placing Shares under the International Placing.

The number of Offer Shares to be offered under the Hong Kong Public Offering and International Placing respectively may be subject to adjustment and, in the case of the International Placing only, the Over-allotment Option as set out in “— International Placing — Over-allotment Option” in this section below.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date. Details of the underwriting arrangements are summarised in “Underwriting” in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares pursuant to the Global Offering will be conditional on, among others:

- (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Global Offering and the Capitalization Issue and any Shares which may be issued pursuant to the exercise of the Over-allotment Option and such listing and permission not subsequently having been revoked prior to the commencement of dealing in our Shares on the Stock Exchange;
- (ii) the Offer Price having been fixed on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective agreements

in each case on or before the dates and times specified in the Underwriting Agreements (unless to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The Offer Shares are being offered at the Offer Price which is expected to be fixed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Tuesday, November 20, 2012 and in any event, not later than Friday, November 23, 2012.

If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company by Friday, November 23, 2012, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at www.hkexnews.hk and our website at www.tsuiwah.com on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to Apply for the Hong Kong Public Offer Shares and Employee Reserved Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended from time to time).

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Share certificates for the Offer Shares are expected to be issued on Friday, November 23, 2012 but will only become valid certificates of title at 8:00 a.m. on Monday, November 26, 2012 provided that (i) the Global Offering has become unconditional in all respects; and (ii) the right of termination as described in “Underwriting — Underwriting arrangements and expenses — Grounds for termination” in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 33,334,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering (assuming that the Over-allotment Option is not exercised). Subject to the reallocation of Shares between (i) the International Placing; and (ii) the Hong Kong Public Offering as mentioned below, the number of the Hong Kong Public Offer Shares will represent approximately 2.5% of our Company’s issued share capital immediately after completion of the Global Offering and the Capitalization Issue without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

Of the 33,334,000 Shares initially being offered under the Hong Kong Public Offering, 3,332,000 Shares (representing approximately 10% and 1% of the total number of Shares initially being offered under the Hong Kong Public Offering and the Global Offering, respectively) are available for subscription by the Eligible Employees on a preferential basis, subject to the terms and conditions set out in this prospectus and the **PINK** Application Forms.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in “— Conditions of the Global Offering” in this section below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offering Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The total available Shares under the Hong Kong Public Offering (after taking into account of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Placing and after deducting the number of Employees Reserved Shares validly applied for under the Employee Preferential Offering) is to be divided into two pools (subject to adjustment of odd lot size) for allocation purposes: pool A and pool B. The Hong Kong Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% payable) or less. The Hong Kong Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% payable). Investors should be aware that applications in pool A

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

and applications in pool B may receive different allocation ratios. If the Hong Kong Public Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Public Offer Shares from either pool A or pool B but not from both pools and can only apply for Hong Kong Public Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications within either pool or between pools and any application for more than 15,000,000 Hong Kong Public Offer Shares are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offering (i) 15 times or more but less than 50 times; (ii) 50 times or more but less than 100 times; and (iii) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing so that the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 100,002,000 Offer Shares (in the case of (i)), 133,334,000 Offer Shares (in the case of (ii)) and 166,668,000 Offer Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option) in each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate. In addition, in certain prescribed circumstances, the Sole Global Coordinator may, at its sole and absolute discretion, reallocate International Placing Shares as it deems appropriate from the International Placing to the Hong Kong Public Offering to satisfy in whole or in part the excess valid application in the Hong Kong Public Offering.

If the Hong Kong Public Offer Shares are not fully subscribed for, the Sole Global Coordinator may, at its sole and absolute discretion, reallocate all or any unsubscribed Hong Kong Public Offer Shares to the International Placing, in such proportion as the Sole Global Coordinator deems appropriate.

Applications

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the 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 (including conditionally and/or provisionally) Offer Shares under the International Placing.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$2.27 per Offer Share in addition to any brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% payable on each Offer Share. If the Offer Price, as finally determined in the manner described in “— Price Determination of the Global Offering” in this section below, is less than the maximum price of HK\$2.27 per Share, appropriate refund payments (including the brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in “How to Apply for the Hong Kong Public Offer Shares and the Employee Reserved Shares” in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

EMPLOYEE PREFERENTIAL OFFERING

Up to 3,332,000 Employee Reserved Shares, representing approximately 10% of the Offer Shares available under the Hong Kong Public Offering and approximately 0.25% of the enlarged issued share capital of our Company upon completion of the Global Offering without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, which are not subject to reallocation to the International Placing as described in “— Hong Kong Public Offering — Reallocation” in this section above, are available for subscription by the Eligible Employee on a preferential basis.

The 3,332,000 Employee Reserved Shares available for application by Eligible Employee on **PINK** Application Form will be allocated to such applicants on a basis to be determined by our Hong Kong Share Registrar based on the level of valid applications received under the Employee Preferential Offering and the number of Employee Reserved Shares validly applied for within each application tier. The allocation basis will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. The allocation of Employee Reserved Shares to Eligible Employee will in any event be made on an equitable basis and will not be based on the identity, seniority, work performance or length of service of the Eligible Employee. No favour will be given to the Eligible Employee who apply for a large number of Employee Reserved Shares. Any application made on a **PINK** Application Form for more than 3,332,000 Employee Reserved Shares will be rejected. Allocation of Hong Kong Public Offer Shares under the Employee Preferential Offering will be based on the allocation guidelines contained in Practice Note 20 to the Listing Rules.

In addition to any application for Employee Reserved Shares on a **PINK** Application Form, Eligible Employee will be entitled to apply for the Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form or by submitting application online through the designated website of the **HK eIPO White Form** Service Provider or giving electronic application instruction to HKSCC via CCASS.

As at the Latest Practicable Date, there was 1,489 Eligible Employees.

In case not all the 3,332,000 Employee Reserved Shares are subscribed for by the Eligible Employee, the undersubscribed Employee Reserved Shares will be available as Hong Kong Public Offer Shares for subscription by the public under the Hong Kong Public Offering.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

INTERNATIONAL PLACING

Number of Offer Shares offered

The number of Offer Shares to be initially offered for subscription under the International Placing will be 300,000,000 Shares, representing approximately 90% of the total number of the Offer Shares initially available under the Global Offering (subject to adjustment and the Over-allotment Option). Subject to any reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the International Placing Shares will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

The International Placing is subject to the same conditions as stated in “— Conditions of the Global Offering” in this section below.

Allocation

The International Placing will include selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the book-building process described in “— Price Determination of the Global Offering” in this section below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the Sole Global Coordinator (on behalf of International Underwriters) exercisable at the sole discretion of the Sole Global Coordinator (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days from the date of the last day of lodging application under the Hong Kong Public Offering, to

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

require our Company to allot and issue up to 50,000,000 additional Shares, representing approximately 15% of the number of the Offer Shares initially available under the Global Offering, at the same price per Share under the International Placing to cover, among other things, over-allocation in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.61% of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the Listing Rules.

PRICE DETERMINATION OF THE GLOBAL OFFERING

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Tuesday, November 20, 2012, and in any event not later than Friday, November 23, 2012, by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company.

The Offer Price will be not more than HK\$2.27 per Share and is expected to be not less than HK\$1.89 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Sole Global Coordinator, for itself and on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese), and on the website of the Stock Exchange at www.hkexnews.hk and our website at www.tsuiwah.com notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon by our Company with the Sole Global Coordinator (for itself and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

The final Offer Price, the levels of indication of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares under the Hong Kong Public Offering, are expected to be announced on Friday, November 23, 2012 in the manner set out in “How to Apply for the Hong Kong Public Offering Shares and Employee Reserved Shares — 7. Results of Allocation” in this prospectus.

STABILIZATION ACTION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the Offer Price.

The Sole Global Coordinator has been appointed by us as the stabilizing manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period beginning on the Listing Date and expected to end on the 30th day after the last day for lodging of applications under the Hong Kong Public Offering. 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. Any market purchases of the Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager its affiliates or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the sole and absolute discretion of the Sole Global Coordinator and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued by our Company under the Over-allotment Option, namely 50,000,000 Shares in aggregate, which is approximately 15% of the Shares initially available under the Global Offering.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes (i) over-allocation 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) subscribing, or agreeing to subscribe, for 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 minimizing any reduction in the market price of our Shares; (v) selling, or agreeing to sell, our Shares in order to liquidate any position established as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above. The Stabilizing Manager, its affiliates or any person acting for it, may take all or any of the above stabilizing action in Hong Kong during the stabilization period.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares, and there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a position. Investors should be warned of the possible impact of any liquidation of such long position by the Stabilising Manager, its affiliates or any other person acting for them, may have an adverse impact on the market price of the Shares;
- stabilizing action cannot be used to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, 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 stabilizing period by taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to and not more than an aggregate of 50,000,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at its sole discretion, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, November 26, 2012, it is expected that dealings in the Offer Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, November 26, 2012, and will be traded in board lots 2,000.

HOW TO APPLY FOR THE HONG KONG PUBLIC OFFER SHARES AND EMPLOYEE RESERVED SHARES

I. METHODS OF APPLICATION

There are three ways to make an application for the Hong Kong Public Offer Shares. You may apply for the Hong Kong Public Offer Shares by either (i) using a **WHITE** or **YELLOW** Application Form; (ii) submitting applications online through the designated website of the **HK eIPO White Form** Service Provider, referred herein as the “**HK eIPO White Form service**”; or (iii) giving **electronic application instructions** to HKSCC via CCASS to cause HKSCC Nominees to apply for the Hong Kong Public Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application by any of the above methods.

In addition, if you are an Eligible Employee, you may also apply for Employee Reserved Shares by using a **PINK** Application Form.

II. WHO CAN APPLY FOR THE HONG KONG PUBLIC OFFER SHARES

You, the applicant(s) and any person(s) for whose benefit you are applying must be 18 years of age or older and must have a Hong Kong address.

You cannot apply for any Hong Kong Public Offer Shares if you are or any person(s) for whose account or benefit you are applying is/are:

- a legal or natural person of the PRC except qualified domestic institutional investors (other than Hong Kong, Macau and Taiwan);
- a United States person, not outside the United States, or will not be acquiring the Hong Kong Public Offer Shares in an offshore transaction (as defined in Regulation S); or
- a person who does not have a Hong Kong address.

If you wish to apply for the Hong Kong Public Offer Shares online through the designated website at www.hkeipo.hk, referred to herein as the “**HK eIPO White Form**” service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **HK eIPO White Form** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **HK eIPO White Form** service.

If you are a firm, the application must be in the name(s) of the individual member(s), not the firm’s name. If you are a body corporate, the Application Form must be stamped with the company chop (bearing the company name) and signed by a duly authorized officer, who must state his or her representative capacity.

If your application is made through a duly authorized attorney, our Company and the Sole Global Coordinator (or its respective agents or nominees) may accept it at their absolute discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney.

HOW TO APPLY FOR THE HONG KONG PUBLIC OFFER SHARES AND EMPLOYEE RESERVED SHARES

The number of joint applicants may not exceed four.

Our Company and the Sole Global Coordinator (or their respective agents and nominees), as our Company's agent(s), have full discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

Save under the circumstances permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are or any person(s) for whose benefit you are applying is/are:

- an existing beneficial owner of the Shares or of the shares in any of our subsidiaries;
- the chief executive or a Director of our Company or the chief executive or a director of any of our subsidiaries;
- a connected person of our Company or will become a connected person of our Company immediately upon completion of the Global offering; or
- an associate of any of the above.

You should also note that you will not receive any allotment of the Hong Kong Public Offer Shares if you or the person for whose benefit you apply for 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) Offer Shares under the International Placing.

III. APPLYING BY USING AN APPLICATION FORM

1. Which application method to use

- (a) Use a **WHITE** Application Form if you want the Hong Kong Public Offer Shares to be issued in your own name.
- (b) Instead of using a **WHITE** Application Form, you may apply for the Hong Kong Public Offer Shares by means of the **HK eIPO White Form** service by submitting an application online through the designated website at www.hkeipo.hk. Use the **HK eIPO White Form** service if you want the Shares to be registered in your own name.
- (c) Use a **YELLOW** Application Form if you want the Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.
- (d) Instead of using a **YELLOW** Application Form, you may give **electronic application instruction** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Public Offer Shares on your behalf via CCASS. Any Hong Kong Public Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participants stock account or your designated CCASS Participant's stock account.

HOW TO APPLY FOR THE HONG KONG PUBLIC OFFER SHARES AND EMPLOYEE RESERVED SHARES

2. Where to collect the Application Forms

- (a) You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Wednesday, November 14, 2012 until 12:00 noon on Monday, November 19, 2012, from:

Wednesday, November 14, 2012 — 9:00 a.m. to 5:00 p.m.
Thursday, November 15, 2012 — 9:00 a.m. to 5:00 p.m.
Friday, November 16, 2012 — 9:00 a.m. to 5:00 p.m.
Saturday, November 17, 2012 — 9:00 a.m. to 1:00 p.m.
Monday, November 19, 2012 — 9:00 a.m. to 12:00 noon

at any of the following addresses of the Hong Kong Underwriters:

Deutsche Bank AG, Hong Kong Branch

52/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

CCB International Capital Limited

34/F, Two Pacific Place
88 Queensway
Admiralty
Hong Kong

or any of the following branches of Bank of China (Hong Kong) Limited:

District	Branch	Address
Hong Kong Island	Bank of China Tower Branch Lee Chung Street Branch	3/F, 1 Garden Road, Central 29-31 Lee Chung Street, Chai Wan
Kowloon	Tseung Kwan O Plaza Branch Kowloon Plaza Branch	Shop 112-125, Level 1, Tseung Kwan O Plaza, Tseung Kwan O Unit 1, Kowloon Plaza, 485 Castle Peak Road
New Territories	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long

HOW TO APPLY FOR THE HONG KONG PUBLIC OFFER SHARES AND EMPLOYEE RESERVED SHARES

or any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

District	Branch	Address
Hong Kong Island	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
	Yun Ping Road Branch	G/F to 2/F, Fortune Centre, 44-48 Yun Ping Road, Causeway Bay
Kowloon	Kwun Tong Branch Mei Foo Stage I Branch	1A Yue Man Square, Kwun Tong G/F, 1C Broadway, Mei Foo Sun Chuen Stage I, Lai Chi Kok
New Territories	Metroplaza Branch	Shop No. 175-176, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung

or any of the following branches of Hang Seng Bank Limited:

District	Branch	Address
Hong Kong Island	Head Office	83 Des Voeux Road Central
	Wanchai Branch	200 Hennessy Road
	North Point Branch	335 King's Road
Kowloon	Tsimshatsui Branch	18 Carnarvon Road
	Kowloon Main Branch	618 Nathan Road

- (b) You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Wednesday, November 14, 2012 until 12:00 noon on Monday, November 19, 2012, from:
- (1) the **Depository Counter of HKSCC** at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
 - (2) your stockbroker, who may have copies of the **YELLOW** Application Form and this prospectus available.
- (c) A **PINK** Application Form together with the prospectus can be collected by Eligible Employees from our Company's headquarters at 3/F, Tsui Wah Group Centre, 50 Lai Yip Street, Ngau Tau Kok, Kowloon, Hong Kong during normal business hours from 9:00 a.m. on Wednesday, November 14, 2012 until 4:00 p.m. on Friday, November 16, 2012. Electronic copies of the **PINK** Application Form and the prospectus can be viewed from the website of the Company at www.tsuiwah.com.

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3. How to complete the Application Form

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

Decide how many Hong Kong Public Offer Shares you want to purchase. Calculate the amount you must pay in accordance with the table of numbers and payments set out in the Application Forms on the basis of the maximum Offer Price of HK\$2.27 per Hong Kong Public Offer Share, plus brokerage of 1.0%, the SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%.

Complete the Application Form in block letters in English in ink, except as stated otherwise. You must sign the application in writing (and not by way of personal chop), otherwise the application is liable to be rejected. If you are a body corporate, the application must be stamped with the company chop (bearing the company name) and signed by a duly authorized officer, who must state his or her representative capacity. If you are applying for the benefit of someone else, you, rather than that person, must sign on the Application Form. If it is a joint application, all applicants must sign on the Application Form. If your application is made through a duly authorized attorney, our Company and the Sole Global Coordinator (or their respective agents or nominees) as our Company's agent(s) may accept or reject the application at their absolute discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney. Our Company and the Sole Global Coordinator in its capacity (as agent of our Company), or their respective agents and nominees, have full discretion to reject or accept any application, in full or in part, without assigning any reasons therefor.

Tear off your **WHITE** or **YELLOW** Application Form, fold the form once and lodge it in one of the special collection boxes provided at any of the branches of Bank of China (Hong Kong) Limited, Standard Chartered Bank (Hong Kong) Limited or Hang Seng Bank Limited set out in "— III. Applying by using an Application Form — 2. Where to collect the Application Forms" in this section above at the times set out in "— III. Applying by using an Application Form — 5. Members of the Public — Time for applying for the Hong Kong Public Offer Shares" in this section below.

In order for the **YELLOW** Application Forms to be valid, you, as the applicant(s), must complete the form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted.

(i) If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(ii) If you are applying as an individual CCASS Investor Participant:

(a) the Application Form must contain your name and Hong Kong identity card number; and

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- (b) your participant I.D. must be inserted in the appropriate box in the Application Form.

(iii) If you are applying as joint individual CCASS Investor Participants:

- (a) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong identity card number of all the joint CCASS Investor Participants; and
- (b) your participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) If you are applying as a corporate CCASS Investor Participant:

- (a) the Application Form must contain your company name and Hong Kong business registration number; and
- (b) your participant I.D. and your company chop (bearing your company name) must be inserted in the appropriate box in the Application Form.

Incorrect, incomplete or omission of details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or omission or inadequacy of authorized signatory(ies) (if applicable) or other similar matters may render the application invalid.

The account number or identification code for each (joint) beneficial owner must also be inserted in the box marked "For nominees" in the Application Form. Failure to provide the account number(s) or other identification code(s) for the beneficial owner(s) will result in the application being deemed to be submitted for the benefit of the nominee(s) in question.

If your application is made through a duly authorized attorney, our Company and the Sole Global Coordinator (or their respective agents and nominees), as our Company's agent(s), may accept it at their absolute discretion, and subject to any conditions they think fit, including evidence of the authority of your attorney.

4. How to make payment for the Application

Each completed **WHITE** or **YELLOW** Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left hand corner of the Application Form.

If you pay by cheque, the cheque must:

- be in Hong Kong dollars;
- be drawn on your Hong Kong dollar bank account with a licensed bank in Hong Kong;
- bear an account name. This name must either be pre-printed on the cheque, or be endorsed at the back by a person authorized by the bank. This account name must correspond with your name. If it is a joint application, the account name must be that of the first-named applicant;
- be made payable to Bank of China (Hong Kong) Nominees Limited — Tsui Wah Holdings Public Offer;

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- be crossed “Account Payee Only”; and
- not be post-dated.

Your application may be rejected if your cheque does not meet all of these requirements or is dishonoured on first presentation.

If you pay by banker’s cashier order,

- you must purchase the banker’s cashier order, and have your name certified on the back by a person authorized by the bank. The name certified on the back of the banker’s cashier order and the name on the Application Form must be the same. If it is a joint application, the name on the back of such banker’s cashier order must be the same as the name of the first-named applicant;
- the banker’s cashier order must be in Hong Kong dollars;
- the banker’s cashier order must be made payable to Bank of China (Hong Kong) Nominees Limited — Tsui Wah Holdings Public Offer;
- the banker’s cashier order must be crossed “Account Payee Only”; and
- the banker’s cashier order must not be post-dated.

Your application may be rejected if your banker’s cashier order does not meet all of these requirements.

The right is reserved to present all or any remittance for payment. However, your cheque or banker’s cashier order will not be presented for payment before 12:00 noon on Monday, November 19, 2012. Our Company will not give you a receipt for your payment. Our Company will keep any interest accrued on your application monies (up until, in the case of monies to be refunded, the date of despatch of refund cheques). The right is also reserved to retain any share certificates and/or any surplus application monies or refunds pending clearance of your cheque or banker’s cashier order.

5. Members of the public — Time for applying for Hong Kong Public Offer Shares

The latest time for lodging your application, together with payment attached, is 12:00 noon on Monday, November 19, 2012, or, if the application lists are not open on that day then by 12:00 noon on the next day the lists are open. The application lists will be open between 11:45 a.m. and 12:00 noon on that day, subject only to the weather conditions, details of which are set out in “— III. Applying by using an Application Form — 6. Effect of bad weather on the opening of the application lists” in this section below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of Bank of China (Hong Kong)

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Limited, Standard Chartered Bank (Hong Kong) Limited or Hang Seng Bank Limited listed in “— III. Applying by using an Application Form — 2. Where to collect the Application Forms” in this section above at the following times:

Wednesday, November 14, 2012	—	9:00 a.m. to 5:00 p.m.
Thursday, November 15, 2012	—	9:00 a.m. to 5:00 p.m.
Friday, November 16, 2012	—	9:00 a.m. to 5:00 p.m.
Saturday, November 17, 2012	—	9:00 a.m. to 1:00 p.m.
Monday, November 19, 2012	—	9:00 a.m. to 12:00 noon

Your completed **PINK** Application Form, together with a cheque attached and marked payable to “Bank of China (Hong Kong) Nominees Limited — Tsui Wah Holdings Public Offer” for the payment must be returned to our Company’s headquarters at 3/F, Tsui Wah Group Centre, 50 Lai Yip St., Ngau Tau Kok, Kowloon, Hong Kong by 4:00 p.m. on Friday, November 16, 2012.

Subject to the terms and conditions set out in the Application Form and in this prospectus, no proceedings will be taken on applications for the Hong Kong Public Offer Shares and no allotment of any such Hong Kong Public Offer Shares will be made until after the closing of the application lists.

You may submit your application to the designated **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk from 9:00 a.m. on Wednesday, November 14, 2012 until 11:30 a.m. on Monday, November 19, 2012 or such later time as described in “— III. Applying by using an Application Form — 6. Effect of bad weather conditions on the opening of the application lists” in this section below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, November 19, 2012, the last application day, or, if the application lists are not open on that day, by the time and date stated in “— III. Applying by using an Application Form — 6. Effect of bad weather conditions on the opening of the application lists” in this section below.

You will not be permitted to submit your application to the designated **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the 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.

6. Effect of bad weather on the opening of the application lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, and/or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, November 19, 2012. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day (as defined below) 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.

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7. Results of Allocations

The results of allocations of the Hong Kong Public Offer Shares and Employee Reserved Shares and the Hong Kong identity card/passport/Hong Kong business registration certificate numbers of successful applicants and the number of the Hong Kong Public Offer Shares and Employee Reserved Shares successfully applied for will be made available at the times and dates and in the manner specified below:

- on the website of our Company at www.tsuiwah.com and the Stock Exchange's website at www.hkexnews.hk from 9:00 a.m., Friday, November 23, 2012 onward;
- on the Hong Kong Public Offering results of allocations website designated by our Company at www.tricor.com.hk/ipo/result on a 24-hour basis from 8:00 a.m. on Friday, November 23, 2012 to 12:00 midnight on Thursday, November 29, 2012. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration certificate number provided in his/her/its application form to search for his/her/its own allocation result;
- from the Hong Kong Public Offering allocation results telephone enquiry line designated by our Company, applicants may find out whether or not their applications have been successful and the number of the Hong Kong Public Offer Shares allocated to them, if any, by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, November 23, 2012 to Wednesday, November 28, 2012 (excluding Saturday, Sunday and public holiday); and
- from special allocation results booklets which set out the results of allocations and will be available for inspection during opening hours of the designated branches of the receiving banks of the Hong Kong Public Offering from Friday, November 23, 2012 to Tuesday, November 27, 2012.

8. Despatch/Collection of share certificates, e-Auto Refund payment instructions and refund cheques

If you do not receive any Hong Kong Public Offer Shares for any of the reasons set out in “— VIII. Circumstances in which you will not be allotted Hong Kong Public Offer Shares” in the Application Forms and in this section below, our Company will refund to you your application monies, including the related brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon.

If your application is accepted only in part, our Company will refund to you the appropriate portion of your application monies, including the related brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest. If the Offer Price as finally determined is less than HK\$2.27 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, our Company will refund to you the surplus application monies, together with the related brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, attributable to the surplus application monies, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

You will receive one share certificate for all the Hong Kong Public Offer shares allotted to you under the Hong Kong Public Offering (except pursuant to the applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS

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where the share certificates will be deposited into CCASS as described below) and one share certificate for all the Employee Reserved Shares allotted to you under the Employee Preferential Offering.

Our Company will not issue temporary documents of title. Our Company will not give you a receipt for your payment. Subject to personal collection as mentioned below, in due course there 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 your Application Form:

- (a) for applications on **WHITE** and/or **PINK** Application Forms or to the designated **HK eIPO White Form** Service Provider: share certificate(s) for such allotted Hong Kong Public Offer Shares and/or Employee Reserved Shares successfully applied for. For applications on **YELLOW** Application Forms: share certificates for the Hong Kong Public Offer Shares successfully applied for will be deposited into CCASS as described below; and/or
- (b) for applications on all Application Forms, 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) the surplus application monies for the Hong Kong Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum Offer Price per Share paid on application in the event that the Offer Price is less than the Offer Price per Share initially paid on application, in each case including the brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the maximum Offer Price per Share initially paid on application (if any) under **WHITE** and/or **YELLOW** and/or **PINK** Application Forms or to the designated **HK eIPO White Form** Service Provider; and share certificates for wholly and partially successful applicants under **WHITE** and/or **PINK** Application Forms or to the designated **HK eIPO White Form** Service Provider are expected to be posted on or around Friday, November 23, 2012. The right is reserved to retain any share certificate(s) and/or any surplus application monies or refunds pending clearance of your cheque(s) or banker’s cashier order.

Share certificates will only become valid certificates of title at 8:00 a.m. on Monday, November 26, 2012, provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in “Underwriting — Underwriting arrangements and expenses — Grounds for termination” in this prospectus has not been exercised.

Personal Collection

(a) If you apply using a WHITE and/or PINK Application Form:

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and/or 1,000,000 or more Employee Reserved Shares on a **WHITE** and/or **PINK** Application Form and have indicated on your Application Form to collect your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in person and have provided all information required by your Application Form, you may collect them in person from Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong

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between 9:00 a.m. and 1:00 p.m. on the date to be notified by our Company on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.tsuiwah.com as at the date of despatch/collection of share certificates. This is expected to be Friday, November 23, 2012.

If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. You must produce evidence of identity (which must be acceptable to our Hong Kong Share Registrar and must correspond with the information contained in this Application Form) to collect your refund cheque(s) and/or share certificate(s). If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar. If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be despatched to you by ordinary post to the address on the Application Form at your own risk on Friday, November 23, 2012.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares and/or 1,000,000 Employee Reserved Shares or if you apply for 1,000,000 Hong Kong Public Offer Shares or more and/or 1,000,000 Employee Reserved Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Friday, November 23, 2012 by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form:

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** and **PINK** Application Form applicants as described above.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares or if you apply for 1,000,000 Hong Kong Public Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) in person, your refund cheque(s) (where applicable) will be sent to the address on your Application Form on Friday, November 23, 2012 by ordinary post, at your own risk.

If you apply for Hong Kong Public Offer Shares 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 CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Friday, November 23, 2012, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

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If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- we expect to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the newspapers on Friday, November 23, 2012. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Friday, November 23, 2012 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance 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). HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your stock account.

IV. APPLYING THROUGH HK eIPO WHITE FORM

1. General

- (a) If you are an individual and satisfy the relevant eligibility criteria set out in "— II. Who can Apply for the Hong Kong Public Offer Shares" in this section above, you may apply through **HK eIPO White Form** by submitting an application to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk. If you apply through **HK eIPO White Form**, the Shares will be issued in your own name.
- (b) Detailed instructions for application through the **HK eIPO White Form** service are set out in the designated website at www.hkeipo.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the **HK eIPO White Form** Service Provider and may not be submitted to our Company.
- (c) In addition to the terms and conditions set out in this prospectus, the **HK eIPO White Form** Service Provider may impose additional terms and conditions upon you for the use of the **HK eIPO White Form** service. Such terms and conditions are set out on the designated website at www.hkeipo.hk. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.
- (d) By submitting an application to the **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to transfer the details of your application to our Company and our Hong Kong Share Registrar.

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- (e) You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Public Offer Shares. Each **electronic application instruction** in respect of more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at www.hkeipo.hk.
- (f) You should make payment for your application made by **HK eIPO White Form** service in accordance with the methods and instructions set out in the designated website at www.hkeipo.hk. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Monday, November 19, 2012 or such later time as described under in “— III. Applying by using an Application Form — 6. Effect of bad weather on the opening of the application lists” in this section above, the **HK eIPO White Form** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website www.hkeipo.hk.
- (g) Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **HK eIPO White Form** Service Provider to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular payment reference number will not constitute an actual application.
- (h) For applicants applying through the **HK eIPO White Form** service by paying the application monies through a single bank account and applicant's application is wholly or partially unsuccessful and/or the final Offer Price being different from the maximum Offer Price initially paid on applicant's application, e-Auto Refund payment instructions (if any) will be despatched to application payment bank account on or around Friday, November 23, 2012.
- (i) For applicants applying through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts and applicant's application is wholly or partially unsuccessful and/or the final Offer Price being different from the maximum Offer Price initially paid on applicant's application, refund cheque(s) will be sent to the address specified in applicant's application instructions to the designated **HK eIPO White Form** Service Provider on or around Friday, November 23, 2012, by ordinary post and at applicant's own risk.
- (j) Warning: Application for Hong Kong Public Offer Shares through **HK eIPO White Form** service is only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the **HK eIPO White Form** service will be submitted to our Company or that you will be allotted any Hong Kong Public Offer Shares.

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the HK eIPO White Form service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your electronic application instructions. In the event that you have problems connecting to the designated

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website for the **HK eIPO White Form** service, you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the payment reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form or give **electronic application instructions** to HKSCC via CCASS. See “— VII. How many applications you may make” in this section below.

2. Additional Information

For the purposes of allocating Hong Kong Public Offer Shares, each applicant giving **electronic application instructions** through **HK eIPO White Form** service to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk will be treated as an applicant. If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **HK eIPO White Form** Service Provider, the designated **HK eIPO White Form** Service Provider may adopt alternative arrangements for the refund of monies to you. See the additional information provided by the designated **HK eIPO White Form** service provider on the designated website at www.hkeipo.hk. Otherwise, any monies payable to you due to a refund for any of the reasons is set out in “— X. Refund of Application Monies” in this section below.

If you apply for 1,000,000 Hong Kong Public Offer Shares or more through the **HK eIPO White Form** service by submitting an electronic application to the designated **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk and your application is wholly or partially successful, you may collect your share certificate(s) and/or refund cheque(s) (where applicable) in person from Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, November 23, 2012, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/refund cheques/e-Auto Refund payment instructions. If you do not collect your share certificate(s) and/or refund cheque(s) (where applicable) personally within the time specified for collection, they will be despatched to you by ordinary post to the address as specified in your application instructions to the designated **HK eIPO White Form** Service Provider at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk on Friday, November 23, 2012 by ordinary post and at your own risk.

V. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

1. General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with 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 **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 contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

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HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above 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 Public Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to us and our registrars.

Please also note the additional information relating effect of giving electronic application instructions to HKSCC set out below in paragraph (c) in “— VI. Effect of making an application” in this section below.

2. 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 Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

3. Minimum subscription amount and permitted multiples

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** in respect of a minimum of 2,000 Hong Kong Public Offer Shares. Such instructions in respect of more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers or multiples set out in the table in the Application Forms.

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4. Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, November 14, 2012	—	9:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, November 15, 2012	—	8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, November 16, 2012	—	8:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, November 17, 2012	—	8:00 a.m. to 1:00 p.m.⁽¹⁾
Monday, November 19, 2012	—	8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, November 14, 2012 until 12:00 noon on Monday, November 19, 2012 (24 hours daily, except the last application day).

5. Effect of bad weather on the opening of the application lists

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, November 19, 2012, the last application day. If:

- a tropical cyclone warning signal number 8 or above; and/or
- a “black” rainstorm warning signal,

is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, November 19, 2012, the last application day will be postponed to the next business day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on such day.

6. Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

7. Deposit of share certificates into CCASS and refund of application monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.
- 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 the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Friday, November 23, 2012, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

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- We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the newspapers on Friday, November 23, 2012. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Friday, November 23, 2012 or such other date as shall be 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 Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, November 23, 2012. Immediately after the credit of the Hong Kong Public Offer Shares to your CCASS Investor Participant 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 Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account (if any).
- 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 Share initially paid on application, in each case including brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, November 23, 2012. No interest will be paid thereon.

8. Section 40 of the Companies Ordinance

For the avoidance of doubt, we 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 Ordinance.

9. Personal data

The section of the Application Form entitled "Personal Data" applies to any personal data held by our Company, our Hong Kong Share Registrar, receiving bankers, the Sole Sponsor, the Sole Global Coordinator, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

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10. Warning

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. We, our Directors, the Sole Sponsor, the Sole Global Coordinator and the Underwriters and any party or person involved in the Global Offering take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, November 19, 2012.

VI. EFFECT OF MAKING AN APPLICATION

- (a) By completing and submitting an Application Form, amongst other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee:
- agree with our Company and each Shareholder, and our Company agrees with each of our Shareholders, to observe and comply with the Companies Ordinance, the Memorandum and Articles of Association of our Company;
 - agree with our Company and each Shareholder that the Shares are freely transferable by the holder thereof;
 - authorise our Company to enter into a contract on your behalf with each of our Directors and officers of our Company whereby each such Director and officer undertakes to observe and comply with his obligations to the Shareholders as stipulated in the Memorandum and Articles of Association of our Company;
 - confirm that you have received and/or read a copy of this prospectus, have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;
 - agree that our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Hong Kong Underwriters and/or any of their respective directors, officers, employees, agents or advisers and any other parties involved in the Global Offering are liable only for and that you have only relied upon, the information and representations contained in this prospectus and any supplement to this prospectus;
 - undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest for or received or been placed or allocated

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(including conditionally and/or provisionally), and will not apply for or take up or indicate any interest in any International Placing Shares in the International Placing, nor otherwise participate in the International Placing;

- agree to disclose to our Company, the Hong Kong Share Registrar, the receiving bankers, the Sole Sponsor, the Sole Global Coordinator, the Hong Kong Underwriters and/or their respective advisers and agents any personal data and information which they require about you or the person(s) for whose benefit you have made the application;
- instruct and authorise our Company, the Sole Sponsor, the Sole Global Coordinator and/or the Hong Kong Underwriters (or their respective agents or nominees) as agent for our Company execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all things necessary to effect the registration of any Hong Kong Public Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by the Articles of Association of our Company and otherwise to give effect to the arrangements described in this prospectus and the Application Form;
- represent, warrant and undertake that the Shares have not been and will not be registered under the US Securities Act and you are outside the United States when completing the Application Form and you are not, and none of the other person(s) for whose benefit you are applying is, a United States person (as defined in Regulation S);
- agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation or other than as provided;
- warrant the truth and accuracy of the information contained in your application;
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Form and agree to be bound by them;
- undertake and agree to accept the Shares applied for, or any lesser number allocated to you under the application;
- undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Hong Kong Public Offer Shares allocated to you, and as required by the Articles and Association and otherwise to give effect to the arrangements described in the prospectus and the Application Form;
- (if the application is made for your own benefit) warrant that the application is only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service (www.hkeipo.hk);

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- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person and that this is the only application which will be made for the benefit of that other person, on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (www.hkeipo.hk), and that you are duly authorized to sign the Application Form as that other person's agent;
 - (if the application is made by an agent on your behalf) warrant that you have validly and irrevocably conferred on your agent all necessary powers and the authority to make the application;
 - authorise our Company to place your name(s) or the name of HKSCC Nominees, as the case may be, on the register of members of our Company as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and our Company and/or our Company's agents to send any share certificate(s) (where applicable) and/or any refund cheque(s) (where applicable) to you or, in case of joint applicants, the first-named applicant on the Application Form by ordinary post at your own risk to the address stated in your Application Form (unless you have applied for 1,000,000 Hong Kong Public Offer Shares or more and/or 1,000,000 Employee Reserved Shares or more and have indicated on your Application Form that you wish to collect your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in person), between 9:00 a.m. and 1:00 p.m. on Friday, November 23, 2012 from Tricor Investor Services Limited, our Hong Kong Share Registrar;
 - understand that these declarations and representations will be relied upon by our Company and the Sole Global Coordinator in deciding whether or not to allocate any Hong Kong Public Offer Shares in response to your application and that you may be prosecuted if you make a false declaration; and
 - if the laws of any place outside Hong Kong are applicable to your application, you agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator and/or the Hong Kong Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus and any supplement thereto.
- (b) If you apply for the Hong Kong Public Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to in (a) above, you agree that:
- any Hong Kong Public Offer Shares to be allotted to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant, in accordance with your instruction on the Application Form;
 - each of HKSCC and HKSCC Nominees reserves the right (1) not to accept any or part of such allotted Hong Kong Public Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Hong Kong Public Offer Shares for deposit into CCASS; (2) to cause such allotted Hong Kong Public Offer

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Shares to be withdrawn from CCASS and transferred into your name, or if you are joint applicants, into the first-named applicant's name, at your own risk and costs; and (3) to cause such allotted Hong Kong Public Offer Shares to be registered in your name (or, if you are joint applicants, to the first-named applicant's) and in such a case, to post the share certificate(s) for such allotted Hong Kong Public Offer Shares at your own risk to the address on your Application Form by ordinary post or to make available the same for your collection;

- each of HKSCC and HKSCC Nominees may adjust the number of allotted Hong Kong Public Offer Shares issued in the name of HKSCC Nominees;
- neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and
- neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

Our Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, any other parties involved in the Global Offering and their respective directors are entitled to rely on any warranty, representation or declaration made by you in the application. In the event of the application being made by joint applicants, all the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given and assumed by and imposed on the applicants jointly and severally.

- (c) In addition, 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 do the following additional things and neither HKSCC nor HKSCC Nominees will be liable to our Company nor any other person in respect of such things and shall not be liable for any breach of the terms and conditions of the white application forms or this prospectus:
- instruct and authorise HKSCC to cause HKSCC Nominees (acting as nominee for the CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;
 - instruct and authorise HKSCC to arrange payment of the maximum Offer Price, brokerage fee, the SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of wholly or partly unsuccessful applications and/or if the final Offer Price is less than the maximum Offer Price of HK\$2.27 per Hong Kong Public Offer Share, refund the appropriate portion of the application money by crediting your designated bank account;
 - instruct and authorise HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form;

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- (in addition to the confirmations and agreements set out in paragraph (a) above) instruct and authorise HKSCC to cause HKSCC Nominees to do on your behalf the following:
 - agree that the Hong Kong Public Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to our CCASS Investor Participant stock account or the stock account of the CCASS Participant who has inputted **electronic application instructions** on your behalf;
 - undertake and agree to accept the Hong Kong Public Offer Shares in respect of which you have given **electronic application instructions** or any lesser number;
 - undertake and confirm that you have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any International Placing Shares in the International Placing, nor otherwise participate in the International Placing;
 - (if the **electronic application instructions** are given for your own benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have given only one set of **electronic application instructions** for the benefit of that other person, and that you are duly authorized to give those instructions as that other person's agent;
 - understand that the above declaration will be relied upon by our Company and the Sole Global Coordinator in deciding whether or not to make any allocation of the Hong Kong Public Offer Shares in respect of the **electronic application instructions** given by you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Public Offer Shares allocated in respect of your **electronic application instructions** and to send share certificates and/or refund monies in accordance with arrangements separately agreed between our Company 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 only relied on the information and representations in this prospectus in giving your **electronic application instructions** or instructing your CCASS Clearing Participant or CCASS Custodian Participant to give **electronic application instructions** on your behalf;
 - agree that our Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters and any of their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global

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Offering are liable only for, and that you have only relied upon, the information and representations contained in this prospectus and any supplement to this prospectus;

- agree (without prejudice to any other rights which you may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;
- agree to disclose to our Company, our Hong Kong Share Registrar, the receiving bankers, the Sole Sponsor, the Sole Global Coordinator and the Underwriters and any of their respective officers, advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;
- agree that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person is irrevocable before the expiration of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day), such agreement to take effect as a collateral contract with our Company and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that our Company will not offer any Hong Kong Public Offer Shares to any person before the said fifth day 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 not a business day) if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- agree that once the application of HKSCC Nominees is accepted, neither that application nor your **electronic application instructions** can be revoked and that acceptance of that application will be evidenced by the results of the Hong Kong Public Offering made available by our Company;
- agree to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC and read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to the Hong Kong Public Offer Shares;
- agree with us, for ourselves and for the benefit of each of the Shareholders (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Ordinance, the Memorandum and Articles of Association;
- agree with us (for ourselves and for the benefit of each of the Shareholders) that the Shares in our Company are freely transferable by the holders thereof;

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- authorise our Company to enter into a contract on its behalf with each of our Directors and officers of our Company whereby each such Director and officer undertakes to observe and comply with his obligations to Shareholders stipulated in the Memorandum and Articles of Association; and
- agree that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

VII. HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for Hong Kong Public Offer Shares if and only if:

- (1) You are a nominee, in which case you may make an application as a nominee by (1) giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Participant); or (2) using a **WHITE** or **YELLOW** Application Form and lodging more than one Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked "For nominees", you must include, for each beneficial owner (or, in the case of joint beneficial owners, for each such beneficial owner):
 - an account number; or
 - some other identification code.

If you do not include this information, the application will be treated as being made for your benefit. As a nominee, you are deemed to have warranted that you are duly authorized to sign the Application Form on behalf of the relevant beneficial owner and agreed to disclose personal data relating to such beneficial owner on the terms set out in the Application Form on personal data.

Otherwise, multiple applications or suspected multiple applications will be rejected.

- (2) You are an Eligible Employee, in which case you may also make an application for Employee Reserved Shares by using a **PINK** Application Form. Only one application for Employee Reserved Shares is permitted per Eligible Employee under the Employee Preferential Offering. Multiple applications by any Eligible Employee are liable to be rejected.

By completing and delivering an Application Form, you:

- (if the application is made for your own benefit) warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service (www.hkeipo.hk); or
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving

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electronic application instructions to HKSCC or to the designated **HK eIPO White Form** Service Provider and that you are duly authorized to sign the Application Form as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together or any of your joint applicants:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider (www.hkeipo.hk);
- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service (www.hkeipo.hk);
- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly with others) or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service www.hkeipo.hk for more than 15,000,000 Hong Kong Public Offer Shares, as more particularly described in "Structure and Conditions of the Global Offering — Hong Kong Public Offering" in this prospectus; or
- have applied for or taken up, or indicated an interest for, or have been or will be allocated or placed (including conditionally and/or provisionally) International Placing Shares under the International Placing.

Save as referred to above, all of your applications will also be rejected as multiple applications if more than one application 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 made for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control in relation to a company means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

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If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **HK eIPO White Form** Service Provider to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through **HK eIPO White Form** by giving **electronic application instructions** through the designated website at www.hkeipo.hk and completing payment in respect of such **electronic application instructions**, or of submitting one application through **HK eIPO White Form** and one or more applications by any other means, all of your applications are liable to be rejected.

VIII. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Public Offer Shares are set out in the notes attached to the Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You may not be allotted Hong Kong Public Offer Shares if:

- **Your application is revoked or withdrawn:**

By completing and submitting an Application Form or submitting **electronic application instructions** to HKSCC or the designated **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees or the **HK eIPO White Form** Service Provider on your behalf is irrevocable on or before the fifth day after the time of opening of the application lists (excluding for this purpose any day which is not a business day). This agreement will take effect as a collateral contract with us, and will become binding when you lodge your Application Form or submit your **electronic application instruction** to HKSCC or the **HK eIPO White Form** Service Provider and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of we agreeing that we will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of opening of the application lists (excluding for this purpose any day which is not a business day) except by means of one of the procedures referred to in this prospectus.

You may only revoke your application on or before the fifth day after the time of opening of the application lists (excluding for this purpose any day which is not a business day) if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) has/have not been so notified, or if applicant(s) has/have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been

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submitted shall remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on the **HK eIPO White Form** Service Provider 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 announcement 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.

- **Our Company, the Sole Global Coordinator, or their respective agents rejects your application**

Our Company, the Sole Global Coordinator, or their respective agents and nominees, as our Company's agent(s), have full discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

- **The allotment of Hong Kong Public Offer Shares is void**

The allotment of Hong Kong Public Offer Shares to you, or to HKSCC Nominees, if made, will be void if the Listing Committee 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.
- **Any of the following circumstances apply:**
 - you make multiple applications or suspected multiple applications;
 - you or the person for whose benefit you apply for have applied for or taken up, or indicated an interest for or have received, or have been or will be placed or allocated (including conditionally and/or provisionally) any Offer Shares in the International Placing. By filling in any of the Application Forms or apply by giving **electronic application instructions** to HKSCC or the HK eIPO White Form Service Provider, you agree not to apply for or indicate an interest for Offer Shares in the International Placing. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Public Offer Shares in the Hong Kong Public Offering;
 - your payment is not made correctly;
 - you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;

HOW TO APPLY FOR THE HONG KONG PUBLIC OFFER SHARES AND EMPLOYEE RESERVED SHARES

- your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at www.hkeipo.hk;
- our Company, the Sole Global Coordinator and the Sole Sponsor believes that by accepting your application, this would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed or your address appeared on the Application Form is located;
- you apply for more than 15,000,000 shares initially being offered in the Hong Kong Public Offering for subscription;
- you apply for more than 3,332,000 Employee Reserved Shares
- any of the Underwriting Agreements does not become unconditional; or
- any of the Underwriting Agreements is terminated in accordance with their terms thereof or otherwise.

If any of these situations apply, your application will be rejected by the receiving bankers and the attached cheque(s) and/or banker's cashier order will not be presented for clearance.

You should also note that you may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Placing, but may not do both.

IX. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The maximum Offer Price is HK\$2.27 per Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% in full. This means that for every board lot of 2,000 Offer Shares you will pay approximately HK\$4,585.77. The Application Forms have tables showing the exact amount payable for certain multiples of Offer Shares up to 15,000,000 Offer Shares.

You must pay the amount payable upon application for the Offer Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Stock Exchange or the Stock Exchange (as the case may be), 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 on behalf of the SFC).

HOW TO APPLY FOR THE HONG KONG PUBLIC OFFER SHARES AND EMPLOYEE RESERVED SHARES

X. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Public Offer Shares for any of the reasons set out in “— VIII. Circumstances in which you will not be allotted Hong Kong Public Offer Shares” in the Application Forms and in this section above, we will refund to you your application monies, including the related brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon.

If your application is accepted only in part, we will refund the appropriate portion of your application monies, including the related brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK\$2.27 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, we will refund to you the surplus application monies, together with the related brokerage of 1.0%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005% attributable to the surplus application monies, without interest. All interest accrued on such monies prior to the date of despatch of refund cheques will be retained for the benefit of our Company.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Sole Global Coordinator, cheques for applications for certain small denominations of Hong Kong Public Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Friday, November 23, 2012 in accordance with the various arrangements as described in this section.

All refunds by cheque will be crossed “Account Payee Only”, and made out to you (or in case of joint applicants, the first-named applicant on the Application Form). Part of your Hong Kong identity card number/passport number, (or in case of joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant) provided by you may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. A banker may require verifications of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

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XI. PERSONAL DATA

By signing an Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree to all of the following:

Personal Information Collection Statement

The main provisions of the Personal Data (Privacy) Ordinance (the “Personal Data Ordinance”) came into effect in Hong Kong on December 20, 1996. The Personal Information Collection Statement informs the applicant for and holder of Hong Kong Public Offer Shares of the policies and practices of our Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data Ordinance.

1. Reasons for the collection of your personal data

From time to time it is necessary for applicants for securities or registered holders of securities to supply their latest correct personal data to our Company and the Hong Kong Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the Hong Kong Share Registrar. Failure to supply the requested data may result in your application for securities being rejected, delayed or the inability of the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Hong Kong Public Offer Shares which you have successfully applied for and/or the despatch of share certificate(s) and/or refund cheque(s) to which you are entitled. It is important that holders of securities inform our Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

2. Purposes

The personal data of the applicants and holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and refund cheque, where applicable, and verification of compliance with the terms and application procedures set out in the Application Form and this prospectus and announcing the results of allocation of the Hong Kong Public Offer Shares;
- enabling compliance with all applicable laws and regulations in Hong Kong or elsewhere;
- registering new issues or transfers into or out of the name of holders of securities including, where applicable in the name of HKSCC Nominees;
- maintaining or updating the register of holders of securities of our Company;
- conducting or assisting the conduct of signature verifications, any other verification or exchange of information;
- establishing benefit entitlements, such as dividends, rights issues and bonus issues;
- distributing communications from our Company and our subsidiaries;
- compiling statistical information and shareholder profiles;

HOW TO APPLY FOR THE HONG KONG PUBLIC OFFER SHARES AND EMPLOYEE RESERVED SHARES

- making disclosures as required by laws, rules or regulations;
- disclosing identities of successful applicants by way of an announcement or otherwise;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Share Registrar to discharge their obligations to holders of securities and/or regulators and/or any other purpose to which the holders of securities may from time to time agree.

3. *Transfer of personal data*

Personal data held by our Company and the Hong Kong Share Registrar relating to the applicants and the holders of securities will be kept confidential but our Company and the Hong Kong Share Registrar may, to the extent necessary for achieving the above purposes or any of them, make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the applicants and the holders of securities to, from or with any and all of the following persons and entities:

- our Company or our appointed agents such as financial advisers and receiving bankers and overseas principal Share Register;
- where applicants for securities request deposit into CCASS, to HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating the CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or our subsidiaries or the Hong Kong Share Registrar in connection with the operation of their respective businesses;
- the Stock Exchange, the SFC and any other regulatory or governmental bodies; and
- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers, etc.

4. *Access and correction of personal data*

The Personal Data Ordinance provides the applicant and the holder of securities with rights to ascertain whether our Company and/or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. In accordance with the Personal Data Ordinance, our Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and the kinds of data held should be addressed to our Company for the attention of our company secretary or (as the case may be) the Hong Kong Share Registrar for the attention of the privacy compliance officer.

HOW TO APPLY FOR THE HONG KONG PUBLIC OFFER SHARES AND EMPLOYEE RESERVED SHARES

XII. DEALINGS AND SETTLEMENT

1. Commencement of dealings in the Shares

Dealings in the Shares on the Stock Exchange are expected to commence on Monday, November 26, 2012.

The Shares will be traded in board lots of 2,000 Shares each. The stock code of the Shares is 1314.

2. Offer Shares will be eligible for admission 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 on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

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, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.



22/F, CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

14 November 2012

The Directors
Tsui Wah Holdings Limited
Deutsche Securities Asia Limited
Deutsche Bank AG, Hong Kong Branch

Dear Sirs,

We set out below our report on the financial information of Tsui Wah Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended 31 March 2010, 2011 and 2012, and the three-month period ended 30 June 2012 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 March 2010, 2011 and 2012 and 30 June 2012, and the statement of financial position of the Company as at 30 June 2012, together with the notes thereto (the "Financial Information"), and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the three-month period ended 30 June 2011 (the "Interim Comparative Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 14 November 2012 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 29 May 2012 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation (the "Reorganisation") as set out in note 1 of Section II below, which was completed on 30 June 2012, the Company became the holding company of the subsidiaries now comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the end of the Relevant Periods, the Company had direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. Except for Shanghai Cai Hua Restaurants Management Company Limited, Shanghai Cui Sheng Restaurants Company Limited and Wuhan Cai Hua Restaurants Management Company Limited which have adopted 31 December as their financial year end date, all companies now comprising the Group have adopted 31 March as their financial year end date. The statutory financial statements or management accounts of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Group (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 March 2010, 2011 and 2012, and the three-month period ended 30 June 2012 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information 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 principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 March 2010, 2011 and 2012 and 30 June 2012, and of the state of affairs of the Company as at 30 June 2012, and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

Consolidated income statements

	Notes	Year ended 31 March			Three-month period ended 30 June	
		2010	2011	2012	2011	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)	
REVENUE	5	440,010	598,047	762,791	167,250	223,623
Other income and gains		1,630	1,956	1,975	248	356
Cost of inventories sold		(133,706)	(183,037)	(236,463)	(51,391)	(69,063)
Staff costs		(121,771)	(162,757)	(197,534)	(43,319)	(63,529)
Depreciation		(15,045)	(22,096)	(21,887)	(5,600)	(7,334)
Property rentals and related expenses		(45,684)	(75,019)	(96,171)	(22,490)	(30,475)
Fuel and utility expenses		(25,667)	(31,610)	(34,805)	(8,270)	(11,187)
Advertising and marketing expenses		(3,369)	(2,821)	(2,901)	(852)	(895)
Other operating expenses		(29,745)	(40,826)	(49,543)	(11,383)	(14,728)
Finance costs	6	(361)	(101)	(161)	(73)	(6)
Share of profits less losses of jointly-controlled entities	15	1,276	1,790	8,905	415	4,355
PROFIT BEFORE TAX	7	67,568	83,526	134,206	24,535	31,117
Income tax expense	10	(10,249)	(15,502)	(23,777)	(4,386)	(5,469)
PROFIT FOR THE YEAR/PERIOD		<u>57,319</u>	<u>68,024</u>	<u>110,429</u>	<u>20,149</u>	<u>25,648</u>
Attributable to:						
Owners of the Company		53,812	64,909	103,910	19,137	23,956
Non-controlling interests		<u>3,507</u>	<u>3,115</u>	<u>6,519</u>	<u>1,012</u>	<u>1,692</u>
		<u>57,319</u>	<u>68,024</u>	<u>110,429</u>	<u>20,149</u>	<u>25,648</u>

Details of the dividends payable and proposed for the Relevant Periods are disclosed in note 11 to the Financial Information.

Consolidated statements of comprehensive income

	Year ended 31 March			Three-month period ended 30 June	
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000 (Unaudited)	2012 HK\$'000
PROFIT FOR THE YEAR/PERIOD	57,319	68,024	110,429	20,149	25,648
Other comprehensive income, net of tax:					
Exchange differences on translation of foreign operations	12	421	(98)	205	500
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>57,331</u>	<u>68,445</u>	<u>110,331</u>	<u>20,354</u>	<u>26,148</u>
Attributable to:					
Owners of the Company	53,824	65,330	103,812	19,342	24,456
Non-controlling interests	<u>3,507</u>	<u>3,115</u>	<u>6,519</u>	<u>1,012</u>	<u>1,692</u>
	<u>57,331</u>	<u>68,445</u>	<u>110,331</u>	<u>20,354</u>	<u>26,148</u>

Consolidated statements of financial position

	Notes	As at 31 March			As at 30 June
		2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2012 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	27,000	45,711	87,221	93,012
Investments in jointly-controlled entities	15	4,628	10,291	17,204	21,621
Non-current rental deposits	18	4,782	18,021	19,614	23,963
Prepayments for purchases of items of property, plant and equipment		9,103	—	—	—
Deferred tax assets	25	7,988	7,119	5,824	6,466
Total non-current assets		<u>53,501</u>	<u>81,142</u>	<u>129,863</u>	<u>145,062</u>
CURRENT ASSETS					
Inventories	16	3,025	7,009	9,384	9,720
Trade receivables	17	493	873	2,964	3,989
Prepayments, deposits and other receivables	18	12,314	10,578	33,183	42,913
Due from directors	19	82,965	97,974	99,395	—
Due from related companies	19	110,928	138,432	141,126	—
Cash and cash equivalents	20	38,810	62,906	92,082	104,080
Total current assets		<u>248,535</u>	<u>317,772</u>	<u>378,134</u>	<u>160,702</u>
CURRENT LIABILITIES					
Trade payables	21	22,816	28,960	38,923	44,406
Other payables and accruals	22	27,258	33,842	49,850	62,321
Interest-bearing bank and other borrowings	23	139	12,957	143	143
Due to directors	19	25,423	32,532	44,609	—
Due to related companies	19	79,093	88,347	78,906	—
Tax payable		7,196	5,822	14,059	14,011
Total current liabilities		<u>161,925</u>	<u>202,460</u>	<u>226,490</u>	<u>120,881</u>
NET CURRENT ASSETS		<u>86,610</u>	<u>115,312</u>	<u>151,644</u>	<u>39,821</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>140,111</u>	<u>196,454</u>	<u>281,507</u>	<u>184,883</u>
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	23	—	403	284	253
Deferred tax liabilities	25	128	460	435	550
Total non-current liabilities		<u>128</u>	<u>863</u>	<u>719</u>	<u>803</u>
Net assets		<u>139,983</u>	<u>195,591</u>	<u>280,788</u>	<u>184,080</u>
EQUITY					
Equity attributable to owners of the Company					
Issued capital	26	—	—	—	2,000
Reserves	27	127,686	180,962	258,632	182,002
		127,686	180,962	258,632	184,002
Non-controlling interests		<u>12,297</u>	<u>14,629</u>	<u>22,156</u>	<u>78</u>
Total equity		<u>139,983</u>	<u>195,591</u>	<u>280,788</u>	<u>184,080</u>

Consolidated statements of changes in equity

Notes	Attributable to owners of the Company							Non-controlling interests	Total equity
	Issued capital	Statutory reserve	Merger reserve	Exchange fluctuation reserve	Retained profits	Total			
	HK\$'000	HK\$'000 (Note 27(c))	HK\$'000 (Note 27(b))	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 2009	—	—	1,702	—	93,256	94,958	9,247	104,205	
Profit for the year	—	—	—	—	53,812	53,812	3,507	57,319	
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	12	—	12	—	12	
Total comprehensive income for the year	—	—	—	12	53,812	53,824	3,507	57,331	
Dividend paid to the non-controlling shareholders	—	—	—	—	—	—	(457)	(457)	
2010 interim dividend	11	—	—	—	(5,030)	(5,030)	—	(5,030)	
Shares issued by subsidiaries to the Controlling Shareholders	—	—	380	—	—	380	—	380	
Deemed distribution to the Controlling Shareholders	2.1	—	(16,446)	—	—	(16,446)	—	(16,446)	
Transfer to statutory reserve	—	336	—	—	(336)	—	—	—	
At 31 March 2010 and 1 April 2010	—	336*	(14,364)*	12*	141,702*	127,686	12,297	139,983	
Profit for the year	—	—	—	—	64,909	64,909	3,115	68,024	
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	421	—	421	—	421	
Total comprehensive income for the year	—	—	—	421	64,909	65,330	3,115	68,445	
Dividend paid to the non-controlling shareholders	—	—	—	—	—	—	(783)	(783)	
2011 interim dividend	11	—	—	—	(12,067)	(12,067)	—	(12,067)	
Shares issued by subsidiaries to the Controlling Shareholders	—	—	13	—	—	13	—	13	
Transfer to statutory reserve	—	974	—	—	(974)	—	—	—	
At 31 March 2011 and 1 April 2011	—	1,310*	(14,351)*	433*	193,570*	180,962	14,629	195,591	
Profit for the year	—	—	—	—	103,910	103,910	6,519	110,429	
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	(98)	—	(98)	—	(98)	
Total comprehensive income for the year	—	—	—	(98)	103,910	103,812	6,519	110,331	
Decrease in the Controlling Shareholders' interests without loss of control	—	—	(14,335)	—	—	(14,335)	14,335	—	
Shares issued by subsidiaries to the non-controlling shareholders	—	—	—	—	—	—	120	120	
Acquisition of non-controlling interests	—	—	3,577	—	—	3,577	(11,908)	(8,331)	
Considerations paid in the Kang Wang/Cui Xin Restructuring	27(d)	—	(2,823)	—	—	(2,823)	—	(2,823)	
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	(1,539)	(1,539)	
2012 interim dividend	11	—	—	—	(15,289)	(15,289)	—	(15,289)	
Shares issued by subsidiaries to the Controlling Shareholders	—	—	2,728	—	—	2,728	—	2,728	
Transfer to statutory reserve	—	1,583	—	—	(1,583)	—	—	—	
At 31 March 2012 and 1 April 2012	—	2,893*	(25,204)*	335*	280,608*	258,632	22,156	280,788	
Profit for the period	—	—	—	—	23,956	23,956	1,692	25,648	
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	500	—	500	—	500	
Total comprehensive income for the period	—	—	—	500	23,956	24,456	1,692	26,148	
Acquisition of non-controlling interests	—	—	(161)	—	—	(161)	(4,839)	(5,000)	
Acquisition of non-controlling interests upon the completion of Reorganisation	—	—	17,532	—	—	17,532	(17,532)	—	
Acquisition of non-controlling interests by deemed capital contribution from the Controlling Shareholders	27(e)	—	1,399	—	—	1,399	(1,399)	—	
2013 interim dividend	11	—	—	—	(117,856)	(117,856)	—	(117,856)	
Issue of shares to the then equity holders	26	2,000	—	—	—	2,000	—	2,000	
Considerations paid by the Company in respect of acquisition of Kang Wang and Cui Xin	—	—	(2,000)	—	—	(2,000)	—	(2,000)	
At 30 June 2012	—	2,000	(8,434)*	835*	186,708*	184,002	78	184,080	
(Unaudited)									
At 1 April 2011	—	1,310	(14,351)	433	193,570	180,962	14,629	195,591	
Profit for the period	—	—	—	—	19,137	19,137	1,012	20,149	
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	205	—	205	—	205	
Total comprehensive income for the period	—	—	—	205	19,137	19,342	1,012	20,354	
Dividend paid to the non-controlling shareholders	—	—	—	—	—	—	(83)	(83)	
2012 interim dividend	11	—	—	—	(1,417)	(1,417)	—	(1,417)	
At 30 June 2011	—	1,310	(14,351)	638	211,290	198,887	15,558	214,445	

* These reserve accounts comprise the consolidated reserves of HK\$127,686,000, HK\$180,962,000, HK\$258,632,000 and HK\$182,002,000 in the consolidated statements of financial position as at 31 March 2010, 2011 and 2012 and 30 June 2012, respectively.

Consolidated statements of cash flows

	Notes	Year ended 31 March			Three-month period ended 30 June	
		2010	2011	2012	2011	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		67,568	83,526	134,206	24,535	31,117
Adjustments for:						
Interest income	7	(14)	(45)	(79)	(14)	(28)
Share of profits less losses of jointly-controlled entities		(1,276)	(1,790)	(8,905)	(415)	(4,355)
Depreciation	7	15,045	22,096	21,887	5,600	7,334
Write-off of items of property, plant and equipment	7	287	—	—	—	—
Gain on disposal of items of property, plant and equipment	7	—	—	(2)	—	—
Finance costs	6	361	101	161	73	6
		81,971	103,888	147,268	29,779	34,074
(Increase)/decrease in inventories		(1,031)	(3,984)	(2,375)	225	(336)
Increase in trade receivables		(493)	(380)	(2,091)	(580)	(1,025)
Decrease/(increase) in prepayments, deposits and other receivables		1,388	(11,503)	(24,198)	(1,032)	(14,079)
Decrease in amounts due to related companies		(5,165)	(14,084)	(16,379)	(3,283)	(3,275)
Increase in trade payables		4,054	6,144	9,963	3,692	5,483
Increase/(decrease) in other payables and accruals		8,509	6,584	16,008	(1,631)	12,471
Cash generated from operations		89,233	86,665	128,196	27,170	33,313
Interest received		14	45	79	14	28
Interest paid		(361)	(101)	(161)	(73)	(6)
Hong Kong profits tax paid		(7,961)	(12,573)	(10,656)	(2,521)	(5,076)
PRC tax paid		—	(3,102)	(3,614)	(603)	(968)
Net cash flows from operating activities		80,925	70,934	113,844	23,987	27,291
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(14,996)	(31,022)	(63,255)	(4,800)	(13,316)
Proceeds from disposal of items of property, plant and equipment		—	—	13	—	—
Increase in prepayments for purchase of items of property, plant and equipment		(9,103)	—	—	—	—
Dividends received from a jointly-controlled entity		—	2,080	320	—	—
Capital contribution to a jointly-controlled entity		—	(17)	—	—	—
(Increase)/decrease in amounts due from related companies		(53,085)	(27,504)	(2,694)	(13,763)	10,612
Repayment of loan from/(advance to) jointly-controlled entities		1,440	(5,936)	1,600	320	—
Increase in amounts due from directors		(16,949)	(15,009)	(1,421)	(2,801)	(1,482)
Net cash flows used in investing activities		(92,693)	(77,408)	(65,437)	(21,044)	(4,186)

	Notes	Year ended 31 March			Three-month period ended 30 June	
		2010	2011	2012	2011	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Increase/(decrease) in amounts due to related companies		28,856	23,338	6,938	2,565	(6,773)
(Decrease)/increase in amounts due to directors		(139)	7,109	923	554	68
New bank loans		—	12,814	—	—	—
Repayment of bank loans		(5,996)	—	(12,814)	(3,819)	—
Capital element of finance lease rental payments		(13)	(232)	(119)	(29)	(31)
Capital contributions from the Controlling Shareholders		380	13	2,728	—	—
Capital contributions from the non-controlling shareholders		—	—	120	—	—
Acquisition of non-controlling interests. Deemed distribution to the Controlling Shareholders	2.1	(837)	—	—	—	—
Dividends paid to the Controlling Shareholders		(5,030)	(12,067)	(15,289)	(1,417)	—
Dividends paid to non-controlling shareholders		(457)	(783)	(1,539)	(83)	—
Net cash flows from/(used in) financing activities		<u>16,764</u>	<u>30,192</u>	<u>(19,052)</u>	<u>(2,229)</u>	<u>(11,736)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,996	23,718	29,355	714	11,369
Cash and cash equivalents at beginning of year/period		33,802	38,810	62,906	62,906	92,082
Effect of foreign exchange rate changes, net		<u>12</u>	<u>378</u>	<u>(179)</u>	<u>82</u>	<u>629</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u><u>38,810</u></u>	<u><u>62,906</u></u>	<u><u>92,082</u></u>	<u><u>63,702</u></u>	<u><u>104,080</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the consolidated statements of financial position	20	<u><u>38,810</u></u>	<u><u>62,906</u></u>	<u><u>92,082</u></u>	<u><u>63,702</u></u>	<u><u>104,080</u></u>

Statement of financial position

	<u>Notes</u>	<u>30 June 2012</u> <u>HK\$'000</u>
NON-CURRENT ASSETS		
Investments in subsidiaries	(i)	<u>1,202,754</u>
Net assets		<u><u>1,202,754</u></u>
EQUITY		
Issued capital	26	2,000
Contributed surplus	(ii)	<u>1,200,754</u>
Total equity		<u><u>1,202,754</u></u>

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- (i) The investments in subsidiaries are unlisted shares at cost. Details of the subsidiaries are disclosed in note 1 to the Financial Information.
- (ii) The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Reorganisation, over the nominal value of the Company's shares issued in exchange thereof. Pursuant to the Cayman Islands company law, a company may make distributions to its members out of the contributed surplus in certain circumstances.

II. NOTES TO THE FINANCIAL INFORMATION

1. Corporate Information

The Company was incorporated as Tsui Wah Holdings Limited in the Cayman Islands on 29 May 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Group is principally engaged in the provision of food catering services through a chain of Hong Kong-style restaurants in Hong Kong and the People's Republic of China (the "PRC" or "Mainland China") (the "Relevant Business").

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in "History, Development and Reorganization — Our Corporate Development — Reorganization" in the Prospectus. The Company became the holding company of the subsidiaries now comprising the Group upon completion of the Reorganisation.

The Company was incorporated with authorized share capital of HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each and 1 share of HK\$0.01 was issued and allotted to Codan Trust Company (Cayman) Limited and further transferred to Cui Fa Limited on 29 May 2012.

As at the end of the Relevant Periods, the Company had direct and indirect interests in the following subsidiaries, all of which are private limited liability companies in Hong Kong (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Kang Wang Holdings Limited ("Kang Wang") ¹ 康旺控股有限公司	British Virgin Islands ("BVI")/Hong Kong 12 July 2011	HK\$1,000,000	100	—	Investment holding
Cui Xin Holdings Limited ("Cui Xin") ¹ 翠新控股有限公司	BVI/Hong Kong 28 September 2011	HK\$1,000,000	100	—	Investment holding
Kenglory Limited ² 維勤有限公司	Hong Kong 5 December 1996	HK\$9,000	—	100	Restaurant operation
Happy Oasis Limited ² 愉園有限公司	Hong Kong 6 October 2004	HK\$10,000	—	100	Restaurant operation
Green Wave Limited ² 綠波有限公司	Hong Kong 6 January 2006	HK\$10,000	—	100	Restaurant operation
Tsui Wah Restaurant (Holding) Limited ³ 翠華餐廳(集團)有限公司	Hong Kong 12 August 1993	HK\$9,400	—	100	Restaurant operation
Win Idea Investments Limited ³ 同合投資有限公司	Hong Kong 25 July 1989	HK\$1,400,000	—	99.23	Restaurant operation

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Euro Success Limited ² 歐羅有限公司	Hong Kong 6 January 2006	HK\$1,225	—	100	Restaurant operation
Senfield Limited ² 誠發有限公司	Hong Kong 16 March 1998	HK\$10,000	—	100	Restaurant operation
Billioncom (Hong Kong) Limited ² 富澤(香港)有限公司	Hong Kong 7 September 1998	HK\$100	—	100	Restaurant operation
Sky Oasis (HK) Limited ² 天澤(香港)有限公司	Hong Kong 10 December 2004	HK\$8	—	100	Restaurant operation
Royal Gold International Limited ² 皇金國際有限公司	Hong Kong 1 February 2007	HK\$8	—	100	Restaurant operation
Tsui Wah Efford Management Limited ² 翠華怡富管理有限公司	Hong Kong 20 March 1998	HK\$10	—	100	Management service
Dragonsea Limited ³ 游龍有限公司	Hong Kong 12 December 2005	HK\$10	—	100	Food factory
Tsui Wah Catering Limited ² 翠華飲食有限公司	Hong Kong 21 October 1998	HK\$10	—	100	Restaurant operation
Tsui Wah Catering Management Limited ² 翠華餐飲管理有限公司	Hong Kong 29 December 2006	HK\$1,200,000	—	100	Investment holding
Shanghai Cai Hua Restaurants Management Company Limited ⁴ 上海采華餐飲管理有限公司	the PRC 27 April 2009	HK\$1,200,000	—	100	Restaurant operation
Joyhale Limited ² 溢欣有限公司	Hong Kong 3 July 2008	HK\$10,000	—	100	Investment holding
Shanghai Cui Sheng Restaurants Company Limited ⁴ 上海翠盛餐飲有限公司	the PRC 8 September 2010	HK\$4,300,000	—	100	Restaurant operation
Golden York World Limited ⁹ 金旭滙有限公司	Hong Kong 3 August 2009	HK\$10	—	100	Restaurant operation
China Sure Limited ² 確華有限公司	Hong Kong 14 January 2009	HK\$10	—	100	Restaurant operation
Pioneer Ray Limited ² 領熙有限公司	Hong Kong 23 November 2009	HK\$10	—	100	Restaurant operation
Special Wise Limited ⁵ 維特有限公司	Hong Kong 23 April 2010	HK\$10	—	100	Restaurant operation
Common Way Limited ⁵ 錦日有限公司	Hong Kong 7 April 2010	HK\$10	—	100	Restaurant operation
Richberg Development Limited ³ 智庫發展有限公司	Hong Kong 8 August 2007	HK\$10	—	100	Restaurant operation

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ever Million Rich Limited ⁵ 永萬富有限公司	Hong Kong 7 April 2010	HK\$10	—	100	Restaurant operation
Famous China Enterprise Limited ² 采華企業有限公司	Hong Kong 5 March 2003	HK\$10	—	100	Owner of trademarks
Flying Gold Limited ⁵ 翔金有限公司	Hong Kong 16 June 2011	HK\$10	—	100	Restaurant operation
Happy Billions Limited ⁵ 逸億有限公司	Hong Kong 18 July 2011	HK\$10	—	100	Restaurant operation
Summer Rich Limited ⁵ 夏富有限公司	Hong Kong 14 June 2011	HK\$10	—	100	Restaurant operation
Tsui Wah International Patent Limited ¹ 翠華國際品牌有限公司	BVI 3 February 2010	US\$8	—	100	Owner of trademarks
Popular Green Limited ¹ 翠盛有限公司	BVI 17 December 2009	US\$50,000	—	100	Investment holding
Wuhan Cai Hua Restaurants Management Company Limited ^{**#5} 武漢采華餐飲管理有限公司	the PRC 25 April 2012	RMB2,000,000	—	100	Restaurant operation
Green Luck Limited ⁵ 祥翠有限公司	Hong Kong 1 April 2012	HK\$10,000	—	100	Dormant
New Power Zone Limited ⁵ 新力天有限公司	Hong Kong 11 April 2012	HK\$10,000	—	100	Dormant
New Top Star Limited ⁵ 新富星有限公司	Hong Kong 11 April 2012	HK\$10,000	—	100	Dormant

* Registered as wholly-foreign-owned enterprises under the laws of the PRC.

** Registered as limited liability company under the laws of the PRC.

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they do not register any official English names.

¹ No audited financial statements have been prepared for these companies as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

² The statutory financial statements of these entities for the years ended 31 March 2010 and 2011 (or since the date of incorporation, where later than the beginning of the Relevant Periods) prepared under HKFRSs were audited by FTW & Partners CPA Limited, certified public accountants registered in Hong Kong.

³ The statutory financial statements of these entities for the years ended 31 March 2010, 2011 and 2012 (or since the date of incorporation, where later than the beginning of the Relevant Periods) prepared under HKFRSs were audited by FTW & Partners CPA Limited, certified public accountants registered in Hong Kong.

⁴ The statutory financial statements of these entities for the years ended 31 December 2009, 2010 and 2011 (or since the date of incorporation, where later than the beginning of the Relevant Periods) prepared under PRC Generally Accepted Accounting Principles were audited by Shanghai Dongzhou Zhengxin Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC.

⁵ No audited financial statements have been prepared for these entities.

2.1 Basis of Presentation

Pursuant to the Reorganisation as more fully explained in “History, Development and Reorganization — Our Corporate Development — Reorganization” in the Prospectus, the Company became the holding company of the companies now comprising the Group on 30 June 2012. The companies now comprising the Group were under the common control of the Controlling Shareholders (as defined in the Prospectus) before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information and the Interim Comparative Information have been prepared by applying the principles of merger accounting, as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Relevant Periods and the three-month period ended 30 June 2011 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholders, where this is a shorter period, and the results and cash flows of Joy Express Limited (“Joy Express”) for the period from 1 April 2009 to the date of cessation of its involvement in the Relevant Business as further explained below. The consolidated statements of financial position of the Group as at 31 March 2010, 2011 and 2012 and 30 June 2012 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the Controlling Shareholders’ perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the Controlling Shareholders prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting. All intra-group transactions and balances have been eliminated on consolidation.

Joy Express is a private limited liability company incorporated in Hong Kong on 3 April 1998 and is wholly owned by the Controlling Shareholders. It has been engaged in the Relevant Business for the period from the beginning of the Relevant Periods to 30 September 2009, the date of cessation of its involvement in the Relevant Business, and thereafter has been engaged in the property investment business. For the purpose of this report, the Directors have consolidated the results, cash flows, assets and liabilities of Joy Express in the Financial Information for the period from the beginning of the Relevant Periods to the date of cessation of its involvement in the Relevant Business, and the net assets retained by Joy Express on 1 October 2009 were derecognized by way of deemed distribution of the entire equity interests in Joy Express to the Controlling Shareholders.

The income statement of Joy Express for the period from the beginning of the Relevant Periods to the date of cessation of its involvement in the Relevant Business is as follows:

	Period from 1 April 2009 to 30 September 2009
	HK\$'000
REVENUE	19,667
Other income and gains	87
Cost of inventories sold	(6,403)
Staff costs	(4,588)
Depreciation	(767)
Property rentals and related expenses	(199)
Fuel and utility expenses	(1,418)
Advertising and marketing expenses	(48)
Other operating expenses	(1,350)
Finance costs	(341)
PROFIT BEFORE TAX	4,640
Income tax expense	(1,466)
PROFIT FOR THE PERIOD	<u>3,174</u>

The net assets retained by Joy Express on 1 October 2009 are as follows:

	As at 1 October 2009
	HK\$'000
NON-CURRENT ASSETS	
Property, plant and equipment	48,769
CURRENT ASSETS	
Prepayments, deposits and other receivables	680
Due from related companies	30,416
Cash and cash equivalents	837
Total current assets	<u>31,933</u>
CURRENT LIABILITIES	
Other payables and accruals	847
Interest-bearing bank and other borrowings	25,892
Due to directors	29,019
Due to related companies	7,443
Tax payable	1,055
Total current liabilities	<u>64,256</u>
Net assets	<u>16,446</u>

2.2 Basis of Preparation

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 April 2012, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.3 Impact of Issued but not yet Effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i> ²
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> ²
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ²
HKFRS 11	<i>Joint Arrangements</i> ²
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
HKFRS 13	<i>Fair Value Measurement</i> ²
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12: <i>Transition Guidance</i> ²
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> ¹
HKAS 19 (2011)	<i>Employee Benefits</i> ²
HKAS 27 (2011)	<i>Separate Financial Statements</i> ²
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ³
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ²
<i>Annual Improvements Projects</i>	<i>Annual Improvements to HKFRSs 2009–2011 Cycle</i> ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

3.1 Summary of Significant Accounting Policies

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the merger method of accounting.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under

the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book value. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for an equity transaction.

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to a parent. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's investments in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. Unrealized gains and losses resulting from transactions

between the Group and its jointly-controlled entities are eliminated to the extent of the Group's investments in the jointly-controlled entities, except where unrealized losses provide evidence of an impairment of the asset transferred.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	2%
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture and fixtures	20% to 30%
Catering and other equipment	10% to 30%
Motor vehicles	25% to 30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognized is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at the end of each of the Relevant Periods as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets*Initial recognition and measurement*

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade receivables, other receivables and deposits, and amounts due from directors and related companies.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective

interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in finance costs for loans and in other operating expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each of the Relevant Periods whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk

characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accruals, interest-bearing bank and other borrowings and amounts due to directors and related companies.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognized as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from restaurant operations, when catering services have been provided to the customers;

- (b) from the sale of food, when the products are sold to customers and the significant risks and rewards of ownership have been transferred to the buyer provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the food sold; and
- (c) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Other employee benefits

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its Hong Kong employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Interim dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

The Financial Information is presented in HK\$, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the

functional currency rates of exchange ruling at the end of each of the Relevant Periods. All differences arising on settlement or translation of monetary items are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and a jointly-controlled entity are currencies other than the Hong Kong dollars. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statements of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into HK\$ at the weighted average exchange rates for each of the Relevant Periods.

3.2 Significant Accounting Estimates

The preparation of the Financial Information and the Interim Comparative Information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the Relevant Periods. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way.

Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amounts of deferred tax assets relating to recognised tax losses at 31 March 2010, 2011 and 2012 and 30 June 2012 were HK\$5,464,000, HK\$4,158,000, HK\$2,131,000 and HK\$1,496,000, respectively.

4. Operating Segment Information

The Group is principally engaged in the provision of food catering services through a chain of Hong Kong-style restaurants. Information reported to the Group's management for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

The following tables present revenue from external customers for the Relevant Periods and certain non-current asset information as at 31 March 2010, 2011 and 2012 and 30 June 2012, by geographic area.

(a) Revenue from external customers

	Year ended 31 March			Three-month period ended 30 June	
	2010	2011	2012	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Hong Kong	404,710	540,415	675,293	147,669	188,832
Mainland China	35,300	57,632	80,915	18,648	32,535
Macau*	—	—	6,583	933	2,256
	<u>440,010</u>	<u>598,047</u>	<u>762,791</u>	<u>167,250</u>	<u>223,623</u>

The revenue information above is based on the location of the customers.

As no revenue derived from sales to a single customer of the Group has individually accounted for over 10% of the Group's total revenue during the Relevant Periods, no information about major customers is presented.

* Revenue from external customers located at Macau represents revenue derived from the sale of food to a jointly-controlled entity of the Group.

(b) *Non-current assets*

	As at 31 March			As at 30 June
	2010	2011	2012	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	35,142	41,100	71,805	75,474
Mainland China	2,237	5,614	18,209	20,725
Macau	—	—	6,665	10,688
	<u>37,379</u>	<u>46,714</u>	<u>96,679</u>	<u>106,887</u>

The non-current asset information above is based on the location of the assets and excludes financial instruments and deferred tax assets.

5. Revenue

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation of restaurants and the sale of food, net of sales related taxes. An analysis of revenue is as follows:

	Year ended 31 March			Three-month period ended 30 June	
	2010	2011	2012	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Revenue</i>				(Unaudited)	
Restaurant operations	435,771	592,675	748,322	164,707	219,035
Sale of food	<u>4,239</u>	<u>5,372</u>	<u>14,469</u>	<u>2,543</u>	<u>4,588</u>
	<u>440,010</u>	<u>598,047</u>	<u>762,791</u>	<u>167,250</u>	<u>223,623</u>

6. Finance Costs

	Year ended 31 March			Three-month period ended 30 June	
	2010	2011	2012	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Interest on bank loans wholly repayable within five years.	342	54	134	66	—
Interest on finance leases.	<u>19</u>	<u>47</u>	<u>27</u>	<u>7</u>	<u>6</u>
	<u>361</u>	<u>101</u>	<u>161</u>	<u>73</u>	<u>6</u>

7. Profit before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Note	Year ended 31 March			Three-month period ended 30 June	
		2010	2011	2012	2011	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Cost of inventories sold		133,706	183,037	236,463	51,391	69,063
Depreciation	14	15,045	22,096	21,887	5,600	7,334
Lease payments under operating leases in respect of land and buildings:						
Minimum lease payments . .		43,254	63,991	74,687	18,001	23,064
Contingent rents		—	6,528	14,841	3,164	5,582
		<u>43,254</u>	<u>70,519</u>	<u>89,528</u>	<u>21,165</u>	<u>28,646</u>
Employee benefit expenses (excluding directors' remuneration (note 8)):						
Wages and salaries		112,318	152,264	185,439	40,551	59,456
Retirement benefit scheme contributions		5,278	6,347	7,835	1,703	3,008
		<u>117,596</u>	<u>158,611</u>	<u>193,274</u>	<u>42,254</u>	<u>62,464</u>
Auditors' remuneration		393	494	981	172	200
Write-off of items of property, plant and equipment	14	287	—	—	—	—
Gain on disposal of items of property, plant and equipment		—	—	(2)	—	—
Foreign exchange differences, net		43	(293)	(650)	(172)	(158)
Bank interest income		(14)	(45)	(79)	(14)	(28)

8. Directors' Remuneration

Directors' remuneration for the Relevant Periods and the three-month period ended 30 June 2011, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended 31 March			Three-month period ended 30 June	
	2010	2011	2012	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	4,115	4,086	4,200	1,050	1,050
Discretionary bonuses	—	—	—	—	—
Retirement benefit scheme contributions	60	60	60	15	15
	<u>4,175</u>	<u>4,146</u>	<u>4,260</u>	<u>1,065</u>	<u>1,065</u>

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 March 2010					
Mr. Yim Kwok Man	—	—	—	—	—
Mr. Wong Chi Kin	—	—	—	—	—
Mr. Goh Choo Hwee	—	—	—	—	—
	—	—	—	—	—
	—	—	—	—	—
Year ended 31 March 2011					
Mr. Yim Kwok Man	—	—	—	—	—
Mr. Wong Chi Kin	—	—	—	—	—
Mr. Goh Choo Hwee	—	—	—	—	—
	—	—	—	—	—
	—	—	—	—	—
Year ended 31 March 2012					
Mr. Yim Kwok Man	—	—	—	—	—
Mr. Wong Chi Kin	—	—	—	—	—
Mr. Goh Choo Hwee	—	—	—	—	—
	—	—	—	—	—
	—	—	—	—	—
Three-month period ended 30 June 2012					
Mr. Yim Kwok Man	—	—	—	—	—
Mr. Wong Chi Kin	—	—	—	—	—
Mr. Goh Choo Hwee	—	—	—	—	—
	—	—	—	—	—
	—	—	—	—	—
Three-month period ended 30 June 2011 (Unaudited)					
Mr. Yim Kwok Man	—	—	—	—	—
Mr. Wong Chi Kin	—	—	—	—	—
Mr. Goh Choo Hwee	—	—	—	—	—
	—	—	—	—	—
	—	—	—	—	—

(b) Executive directors

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 March 2010					
Mr. Lee Yuen Hong	—	782	—	12	794
Mr. Ho Ting Chi.	—	840	—	12	852
Mr. Cheung Yu To	—	840	—	12	852
Mr. Cheung Wai Keung.	—	840	—	12	852
Mr. Cheung Yue Pui.	—	813	—	12	825
	<u>—</u>	<u>4,115</u>	<u>—</u>	<u>60</u>	<u>4,175</u>
Year ended 31 March 2011					
Mr. Lee Yuen Hong	—	726	—	12	738
Mr. Ho Ting Chi.	—	840	—	12	852
Mr. Cheung Yu To	—	840	—	12	852
Mr. Cheung Wai Keung.	—	840	—	12	852
Mr. Cheung Yue Pui.	—	840	—	12	852
	<u>—</u>	<u>4,086</u>	<u>—</u>	<u>60</u>	<u>4,146</u>
Year ended 31 March 2012					
Mr. Lee Yuen Hong	—	840	—	12	852
Mr. Ho Ting Chi.	—	840	—	12	852
Mr. Cheung Yu To	—	840	—	12	852
Mr. Cheung Wai Keung.	—	840	—	12	852
Mr. Cheung Yue Pui.	—	840	—	12	852
	<u>—</u>	<u>4,200</u>	<u>—</u>	<u>60</u>	<u>4,260</u>
Three-month period ended 30 June 2012					
Mr. Lee Yuen Hong	—	210	—	3	213
Mr. Ho Ting Chi.	—	210	—	3	213
Mr. Cheung Yu To	—	210	—	3	213
Mr. Cheung Wai Keung.	—	210	—	3	213
Mr. Cheung Yue Pui.	—	210	—	3	213
	<u>—</u>	<u>1,050</u>	<u>—</u>	<u>15</u>	<u>1,065</u>
Three-month period ended 30 June 2011 (Unaudited)					
Mr. Lee Yuen Hong	—	210	—	3	213
Mr. Ho Ting Chi.	—	210	—	3	213
Mr. Cheung Yu To	—	210	—	3	213
Mr. Cheung Wai Keung.	—	210	—	3	213
Mr. Cheung Yue Pui.	—	210	—	3	213
	<u>—</u>	<u>1,050</u>	<u>—</u>	<u>15</u>	<u>1,065</u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the three-month period ended 30 June 2011.

During the Relevant Periods and the three-month period ended 30 June 2011, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

9. Five Highest Paid Employees

4, 4, 4, 4 and 3 of the highest paid individuals were directors of the Company for the years ended 31 March 2010, 2011 and 2012 and the three-month period ended 30 June 2011 and 2012, respectively.

Details of the remuneration of the remaining non-director, highest paid employees for each of the Relevant Periods and the three-month period ended 30 June 2011 are analysed as follows:

	Year ended 31 March			Three-month period ended 30 June	
	2010	2011	2012	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Salaries, allowances and benefits in kind	540	986	1,182	250	463
Retirement benefit scheme contributions	12	12	12	3	7
	<u>552</u>	<u>998</u>	<u>1,194</u>	<u>253</u>	<u>470</u>

The number of the non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 March			Three-month period ended 30 June	
	2010	2011	2012	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Nil to HK\$1,000,000.	1	1	—	1	2
HK\$1,000,001 to HK\$1,500,000.	—	—	1	—	—
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>

During the Relevant Periods and the three-month period ended 30 June 2011, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. Income Tax Expense

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% during the Relevant Periods. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the locations in which the Group operates.

Pursuant to the Corporate Income Tax Law (the "New PRC Tax Law") of the PRC being effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operated in Mainland China during the Relevant Periods was 25% on their taxable profits.

The major components of the income tax expense for the Relevant Periods and the three-month period ended 30 June 2011 are as follows:

	Year ended 31 March			Three-month period ended 30 June	
	2010	2011	2012	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Current — Hong Kong					
Charge for the year	11,492	11,050	19,303	3,803	4,820
Underprovision in prior years	831	—	23	—	—
Current — Elsewhere					
Charge for the year	660	3,251	3,181	556	1,176
Underprovision in prior years	458	—	—	—	—
Deferred tax (note 25)	(3,192)	1,201	1,270	27	(527)
Total tax charge for the year	<u>10,249</u>	<u>15,502</u>	<u>23,777</u>	<u>4,386</u>	<u>5,469</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the locations in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 March 2010					
	Hong Kong		The PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	<u>64,928</u>		<u>2,640</u>		<u>67,568</u>	
Tax at the statutory tax rates	10,713	16.5	660	25.0	11,373	16.8
Adjustment in respect of current tax of previous periods	831	1.3	458	17.3	1,289	1.9
Expenses not deductible for tax	5	—	—	—	5	—
Tax losses utilised from previous periods	(2,207)	(3.4)	—	—	(2,207)	(3.2)
Profits attributable to a jointly-controlled entity	(211)	(0.3)	—	—	(211)	(0.3)
Tax charge at the Group's effective rates	<u>9,131</u>	<u>14.1</u>	<u>1,118</u>	<u>42.3</u>	<u>10,249</u>	<u>15.2</u>
	Year ended 31 March 2011					
	Hong Kong		The PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	<u>72,330</u>		<u>11,196</u>		<u>83,526</u>	
Tax at the statutory tax rates	11,934	16.5	2,799	25.0	14,733	17.6
Income not subject to tax	(1)	—	—	—	(1)	—
Expenses not deductible for tax	613	0.8	452	4.0	1,065	1.3
Profits less losses attributable to jointly-controlled entities	(295)	(0.4)	—	—	(295)	(0.3)
Tax charge at the Group's effective rates	<u>12,251</u>	<u>16.9</u>	<u>3,251</u>	<u>29.0</u>	<u>15,502</u>	<u>18.6</u>

	Year ended 31 March 2012					
	Hong Kong		The PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	<u>122,811</u>		<u>11,395</u>		<u>134,206</u>	
Tax at the statutory tax rates . . .	20,264	16.5	2,849	25.0	23,113	17.2
Adjustment in respect of current tax of previous periods	23	—	—	—	23	—
Income not subject to tax	(13)	—	—	—	(13)	—
Expenses not deductible for tax . .	819	0.7	332	2.9	1,151	0.9
Tax losses not recognised	972	0.8	—	—	972	0.7
Profits attributable to jointly- controlled entities	<u>(1,469)</u>	<u>(1.2)</u>	<u>—</u>	<u>—</u>	<u>(1,469)</u>	<u>(1.1)</u>
Tax charge at the Group's effective rates	<u>20,596</u>	<u>16.8</u>	<u>3,181</u>	<u>27.9</u>	<u>23,777</u>	<u>17.7</u>
	Three-month period ended 30 June 2012					
	Hong Kong		The PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	<u>29,633</u>		<u>1,484</u>		<u>31,117</u>	
Tax at the statutory tax rates . . .	4,887	16.5	371	25.0	5,258	16.9
Income not subject to tax	(1)	—	—	—	(1)	—
Expenses not deductible for tax . .	253	0.8	—	—	253	0.8
Tax losses not recognised	677	2.3	—	—	677	2.2
Profits attributable to jointly- controlled entities	<u>(718)</u>	<u>(2.4)</u>	<u>—</u>	<u>—</u>	<u>(718)</u>	<u>(2.3)</u>
Tax charge at the Group's effective rates	<u>5,098</u>	<u>17.2</u>	<u>371</u>	<u>25.0</u>	<u>5,469</u>	<u>17.6</u>
	Three-month period ended 30 June 2011					
	Hong Kong		The PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Unaudited)		(Unaudited)	
Profit before tax	<u>22,558</u>		<u>1,977</u>		<u>24,535</u>	
Tax at the statutory tax rates . . .	3,722	16.5	494	25.0	4,216	17.2
Income not subject to tax	(2)	—	—	—	(2)	—
Expenses not deductible for tax . .	178	0.8	62	3.1	240	1.0
Profits attributable to a jointly- controlled entity	<u>(68)</u>	<u>(0.3)</u>	<u>—</u>	<u>—</u>	<u>(68)</u>	<u>(0.3)</u>
Tax charge at the Group's effective rates	<u>3,830</u>	<u>17.0</u>	<u>556</u>	<u>28.1</u>	<u>4,386</u>	<u>17.9</u>

The share of tax attributable to jointly-controlled entities amounting to HK\$251,000, HK\$357,000, HK\$1,342,000, HK\$82,000 and HK\$638,000 for the years ended 31 March 2010, 2011 and 2012, and three-month periods ended 30 June 2011 and 2012, respectively, is included in the "Share of profits less losses of jointly-controlled entities" in the consolidated income statements.

11. Dividends

The dividends paid by the Company's subsidiaries to the then shareholders during the Relevant Periods and the three-month period ended 30 June 2011 were as follows:

	Year ended 31 March			Three-month period ended 30 June	
	2010	2011	2012	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interim dividend.	<u>5,030</u>	<u>12,067</u>	<u>15,289</u>	<u>1,417</u>	<u>117,856</u>

No dividends have been declared by the Company during the Relevant Periods.

12. Profit attributable to Owners of the Company

The consolidated profit attributable to owners of the Company for the three-month period ended 30 June 2012 were all generated by the subsidiaries now comprising the Group.

13. Earnings per share attributable to Ordinary Equity Holders 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 preparation of the results of the Group for the Relevant Periods as disclosed in note 2.1 above.

14. Property, Plant and Equipment

	Land and buildings	Leasehold improvements	Furniture and fixtures	Catering and other equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 March 2010						
At 1 April 2009:						
Cost	61,760	63,633	8,975	18,069	969	153,406
Accumulated depreciation	(11,097)	(46,401)	(4,881)	(14,313)	(609)	(77,301)
Net carrying amount	<u>50,663</u>	<u>17,232</u>	<u>4,094</u>	<u>3,756</u>	<u>360</u>	<u>76,105</u>
At 1 April 2009, net of						
accumulated depreciation	50,663	17,232	4,094	3,756	360	76,105
Additions	—	6,621	1,391	6,984	—	14,996
Deemed distribution to the						
Controlling Shareholders*	(48,769)	—	—	—	—	(48,769)
Write-off	—	(286)	—	(1)	—	(287)
Depreciation provided during the year	(724)	(9,576)	(1,507)	(2,969)	(269)	(15,045)
At 31 March 2010, net of						
accumulated depreciation	<u>1,170</u>	<u>13,991</u>	<u>3,978</u>	<u>7,770</u>	<u>91</u>	<u>27,000</u>
At 31 March 2010:						
Cost	1,427	61,363	10,366	22,237	969	96,362
Accumulated depreciation	(257)	(47,372)	(6,388)	(14,467)	(878)	(69,362)
Net carrying amount	<u>1,170</u>	<u>13,991</u>	<u>3,978</u>	<u>7,770</u>	<u>91</u>	<u>27,000</u>
31 March 2011						
At 31 March 2010 and 1 April 2010:						
Cost	1,427	61,363	10,366	22,237	969	96,362
Accumulated depreciation	(257)	(47,372)	(6,388)	(14,467)	(878)	(69,362)
Net carrying amount	<u>1,170</u>	<u>13,991</u>	<u>3,978</u>	<u>7,770</u>	<u>91</u>	<u>27,000</u>
At 1 April 2010, net of						
accumulated depreciation	1,170	13,991	3,978	7,770	91	27,000
Additions	—	22,796	2,206	15,123	639	40,764
Depreciation provided during the year	(20)	(13,570)	(2,267)	(6,084)	(155)	(22,096)
Exchange realignment	—	2	8	33	—	43
At 31 March 2011, net of						
accumulated depreciation	<u>1,150</u>	<u>23,219</u>	<u>3,925</u>	<u>16,842</u>	<u>575</u>	<u>45,711</u>
At 31 March 2011:						
Cost	1,427	71,465	10,239	34,077	1,608	118,816
Accumulated depreciation	(277)	(48,246)	(6,314)	(17,235)	(1,033)	(73,105)
Net carrying amount	<u>1,150</u>	<u>23,219</u>	<u>3,925</u>	<u>16,842</u>	<u>575</u>	<u>45,711</u>

	Land and buildings	Leasehold improvements	Furniture and fixtures	Catering and other equipment	Motor vehicles	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 March 2012							
At 31 March 2011 and 1 April 2011:							
Cost	1,427	71,465	10,239	34,077	1,608	—	118,816
Accumulated depreciation	(277)	(48,246)	(6,314)	(17,235)	(1,033)	—	(73,105)
Net carrying amount	<u>1,150</u>	<u>23,219</u>	<u>3,925</u>	<u>16,842</u>	<u>575</u>	<u>—</u>	<u>45,711</u>
At 1 April 2011, net of							
accumulated depreciation	1,150	23,219	3,925	16,842	575	—	45,711
Additions	—	27,872	3,646	17,569	591	13,577	63,255
Disposals	—	—	—	(11)	—	—	(11)
Depreciation provided							
during the year	(20)	(12,064)	(1,624)	(7,883)	(296)	—	(21,887)
Exchange realignment	—	14	31	101	7	—	153
At 31 March 2012, net of							
accumulated depreciation	<u>1,130</u>	<u>39,041</u>	<u>5,978</u>	<u>26,618</u>	<u>877</u>	<u>13,577</u>	<u>87,221</u>
At 31 March 2012:							
Cost	1,427	95,379	13,726	50,050	2,207	13,577	176,366
Accumulated depreciation	(297)	(56,338)	(7,748)	(23,432)	(1,330)	—	(89,145)
Net carrying amount	<u>1,130</u>	<u>39,041</u>	<u>5,978</u>	<u>26,618</u>	<u>877</u>	<u>13,577</u>	<u>87,221</u>
30 June 2012							
At 31 March 2012 and 1 April 2012:							
Cost	1,427	95,379	13,726	50,050	2,207	13,577	176,366
Accumulated depreciation	(297)	(56,338)	(7,748)	(23,432)	(1,330)	—	(89,145)
Net carrying amount	<u>1,130</u>	<u>39,041</u>	<u>5,978</u>	<u>26,618</u>	<u>877</u>	<u>13,577</u>	<u>87,221</u>
At 1 April 2012, net of							
accumulated depreciation	1,130	39,041	5,978	26,618	877	13,577	87,221
Additions	—	5,314	3,249	4,421	332	—	13,316
Depreciation provided							
during the period	(5)	(3,997)	(680)	(2,560)	(92)	—	(7,334)
Transfers	—	8,033	2,397	3,147	—	(13,577)	—
Exchange realignment	—	(103)	(21)	(62)	(5)	—	(191)
At 30 June 2012, net of							
accumulated depreciation	<u>1,125</u>	<u>48,288</u>	<u>10,923</u>	<u>31,564</u>	<u>1,112</u>	<u>—</u>	<u>93,012</u>
At 30 June 2012:							
Cost	1,427	109,159	19,324	57,012	2,533	—	189,455
Accumulated depreciation	(302)	(60,871)	(8,401)	(25,448)	(1,421)	—	(96,443)
Net carrying amount	<u>1,125</u>	<u>48,288</u>	<u>10,923</u>	<u>31,564</u>	<u>1,112</u>	<u>—</u>	<u>93,012</u>

* It represented the land and buildings retained by Joy Express on 1 October 2009 (note 2.1). The Group has entered into a lease agreement with Joy Express and continued to use these land and buildings through operating lease arrangements.

The net carrying amounts of the Group's property, plant and equipment held under finance leases included in the total amounts of motor vehicles as at 31 March 2010, 2011 and 2012 and 30 June 2012 were HK\$84,000, HK\$575,000, HK\$384,000 and HK\$336,000, respectively.

The Group's land and buildings included in property, plant and equipment with net carrying amounts of HK\$1,170,000, HK\$1,150,000, HK\$1,130,000 and HK\$1,125,000 as at 31 March 2010, 2011 and 2012 and 30 June 2012, respectively, are situated in Hong Kong and are held under a medium term lease.

15. Investments in Jointly-controlled Entities

Group

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
				HK\$'000
Share of net assets	1,276	1,003	9,458	13,875
Loan to jointly-controlled entities	3,352	9,288	7,746	7,746
	<u>4,628</u>	<u>10,291</u>	<u>17,204</u>	<u>21,621</u>

The loans to the jointly-controlled entities are unsecured, interest-free and have no fixed terms of repayment.

Amounts due from the jointly-controlled entities included in the Group's other receivables as at 31 March 2010, 2011 and 2012 and 30 June 2012 totalling HK\$90,000, HK\$324,000, HK\$41,000 and HK\$133,000, respectively, are unsecured, interest-free and have no fixed terms of repayment.

Amounts due to the jointly-controlled entities included in the Group's other payables as at 31 March 2010, 2011 and 2012 totalling HK\$62,000, HK\$291,000 and HK\$371,000, respectively, are unsecured, interest-free and have no fixed terms of repayment.

The Group's trade receivable and payable balances with the jointly-controlled entities are disclosed in notes 17 and 21 to the Financial Information, respectively.

Particulars of the jointly-controlled entities at the end of the Relevant Periods are as follows:

Name	Particulars of issued shares held	Place of incorporation	Percentage of ownership interest	Principal activities
Famous Star Investment Limited ("Famous Star")* 星譽投資有限公司	Ordinary shares of HK\$1 each	Hong Kong	80	Restaurant operation
Pak Tat Catering Management Company Limited 百達餐飲管理有限公司	One "quota" of MOP17,500	Macau	70	Restaurant operation

The above investments in the jointly-controlled entities are indirectly held by the Company.

* During the Relevant Periods, the Group has over 50% voting power in Famous Star's board of directors. Notwithstanding that the Group holds more than 50% of the voting power in the board of directors of Famous Star, in the opinion of the Directors, the Group is only in a position to have joint control over Famous Star having considered that the Group has contractually agreed the sharing of control over certain key financial and operating activities of Famous Star with the other shareholder.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	As at 31 March			As at 30 June	
	2010	2011	2012	2012	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Share of the jointly-controlled entities' assets and liabilities:					
Current assets	3,408	2,117	24,730	21,992	
Non-current assets	3,825	3,013	9,474	8,656	
Current liabilities	(5,957)	(4,127)	(24,746)	(16,773)	
Net assets	<u>1,276</u>	<u>1,003</u>	<u>9,458</u>	<u>13,875</u>	
	Year ended 31 March			Three-month period ended 30 June	
	2010	2011	2012	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Share of the jointly-controlled entities' results:					
Revenue	24,096	25,861	64,130	10,956	20,349
Other income	<u>9</u>	<u>1</u>	<u>215</u>	<u>1</u>	<u>99</u>
	24,105	25,862	64,345	10,957	20,448
Total expenses	(22,072)	(23,851)	(53,962)	(11,698)	(15,455)
Income tax expense	<u>(251)</u>	<u>(357)</u>	<u>(1,342)</u>	<u>(82)</u>	<u>(638)</u>
Profit/(loss) after tax	1,782	1,654	9,041	(823)	4,355
Losses in excess of investment cost not shared by the Group in current year/period	—	136	—	1,238	—
Previous losses in excess of investment cost shared by the Group in current year/period	<u>(506)</u>	<u>—</u>	<u>(136)</u>	<u>—</u>	<u>—</u>
Profit for the year/period shared by the Group	<u>1,276</u>	<u>1,790</u>	<u>8,905</u>	<u>415</u>	<u>4,355</u>

16. Inventories

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
Food and beverage, and other operating items for restaurant operations	3,025	7,009	9,384	9,720

17. Trade Receivables

Group

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
Trade receivables	493	873	2,964	3,989

The Group's trading terms with its customers are mainly on cash and smart card settlement, except for well established, corporate customers for which the credit term is generally 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group has a certain concentration of credit risk as certain of the Group's trade receivables were due from the Group's largest customer and the five largest customers as detailed below.

Group

	As at 31 March			As at
	2010	2011	2012	30 June
	%	%	%	2012
Largest customer.	61	52	46	37
Five largest customers	100	100	83	84

An aged analysis of the trade receivables, based on the invoice date, is as follows:

Group

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
Within 1 month	493	873	2,054	2,768
1 to 2 months	—	—	910	1,221
	493	873	2,964	3,989

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

Group

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
Neither past due nor impaired	493	873	2,102	2,849
Less than 1 month past due	—	—	862	1,140
	<u>493</u>	<u>873</u>	<u>2,964</u>	<u>3,989</u>

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Included in the Group's trade receivables are amounts due from the Group's jointly-controlled entities of HK\$299,000, HK\$365,000, HK\$1,938,000 and HK\$2,217,000 as at 31 March 2010, 2011 and 2012 and 30 June 2012, respectively, which are repayable on similar credit terms to those offered to the major customers of the Group.

18. Prepayments, Deposits and Other Receivables

Group

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
Prepayments	423	2,849	12,366	24,204
Deposits	15,585	23,626	37,751	39,223
Other receivables	<u>1,088</u>	<u>2,124</u>	<u>2,680</u>	<u>3,449</u>
	17,096	28,599	52,797	66,876
Current portion included in prepayments, deposits and other receivables	<u>(12,314)</u>	<u>(10,578)</u>	<u>(33,183)</u>	<u>(42,913)</u>
Non-current portion included in rental deposits	<u>4,782</u>	<u>18,021</u>	<u>19,614</u>	<u>23,963</u>

At 31 March 2010, 2011 and 2012 and 30 June 2012, the balances of deposits and other receivables were neither past due nor impaired. Financial assets included in the above balances relate to receivables for which there was no recent history of default.

19. Balances with Directors and Related Companies

Particulars of the amounts due from directors and related companies, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, are as follows:

31 March 2010

Group

	31 March 2010	Maximum amount outstanding during the year	1 April 2009
	HK\$'000	HK\$'000	HK\$'000
Due from directors			
Mr. Lee Yuen Hong	22,123	22,123	19,677
Mr. Ho Ting Chi	25,757	25,757	18,210
Mr. Cheung Yu To	9,915	9,915	7,842
Mr. Cheung Wai Keung	19,494	19,494	16,033
Mr. Cheung Yue Pui	5,676	5,676	4,254
	<u>82,965</u>	<u>82,965</u>	<u>66,016</u>
Due from related companies			
Best Giant Limited	1,710	17,410	17,410
Champion Stage Limited	9,848	9,848	5,437
Fame City International Limited	4,706	4,706	3,866
Goodman Bond International Limited	17,623	17,623	3,004
Joint Resources Limited	10	10	10
Joy Express Limited	12,474	12,474	—
Profit More Corporation Limited	4	4	—
Quick Time Networking Limited	28	189	189
Sartoria Limited	—	16	16
Success Path Limited	26,163	26,163	22,018
Tsui Wah Estates (Hong Kong) Limited	4,123	4,123	4,123
Tsui Wah Food Limited	1,765	1,765	1,765
Tsui Wah Management Limited	32,474	32,474	30,421
	<u>110,928</u>	<u>110,928</u>	<u>88,259</u>

31 March 2011

Group

	31 March 2011	Maximum amount outstanding during the year	1 April 2010
	HK\$'000	HK\$'000	HK\$'000
Due from directors			
Mr. Lee Yuen Hong	29,413	29,413	22,123
Mr. Ho Ting Chi	32,316	32,316	25,757
Mr. Cheung Yu To	11,291	11,291	9,915
Mr. Cheung Wai Keung	19,425	19,494	19,494
Mr. Cheung Yue Pui	5,529	5,676	5,676
	<u>97,974</u>	<u>97,974</u>	<u>82,965</u>
Due from related companies			
Best Giant Limited	1,751	1,751	1,710
Champion Stage Limited	8,116	9,848	9,848
Fame City International Limited	5,546	5,546	4,706
Goodman Bond International Limited	42,111	42,111	17,623
Great List Limited	940	940	—
Joint Resources Limited	10	10	10
Joy Express Limited	4,733	12,474	12,474
Profit More Corporation Limited	4	4	4
Quick Time Networking Limited	49	49	28
Sartoria Limited	100	100	—
Success Path Limited	33,063	33,063	26,163
Tsui Wah Estates (Hong Kong) Limited	4,123	4,123	4,123
Tsui Wah Food Limited	1,765	1,765	1,765
Tsui Wah Management Limited	36,121	36,121	32,474
	<u>138,432</u>	<u>138,432</u>	<u>110,928</u>

31 March 2012

Group

	31 March 2012	Maximum amount outstanding during the year	1 April 2011
	HK\$'000	HK\$'000	HK\$'000
Due from directors			
Mr. Lee Yuen Hong	30,909	30,909	29,413
Mr. Ho Ting Chi	31,033	32,316	32,316
Mr. Cheung Yu To	11,683	11,683	11,291
Mr. Cheung Wai Keung	19,835	19,835	19,425
Mr. Cheung Yue Pui	5,935	5,935	5,529
	<u>99,395</u>	<u>99,395</u>	<u>97,974</u>
Due from related companies			
Ample Favour Limited	910	910	—
Best Giant Limited	1,966	1,966	1,751
Champion Stage Limited	12,032	12,032	8,116
Cui Fa Limited	8,956	8,956	—
Fame City International Limited	5,975	5,975	5,546
Goodman Bond International Limited	16,320	42,111	42,111
Great List Limited	10,096	10,096	940
Joint Resources Limited	10	10	10
Joy Express Limited	4,601	4,733	4,733
Macca Investment Limited	518	518	—
Profit More Corporation Limited	4	4	4
Quick Time Networking Limited	—	49	49
Victor Leap Limited	676	676	—
Victory Bit Limited	1,058	1,058	—
World Bond Limited	26	26	—
Sartoria Limited	—	100	100
Success Path Limited	32,313	33,063	33,063
Tsui Wah Estates (Hong Kong) Limited	4,123	4,123	4,123
Tsui Wah Food Limited	1,773	1,773	1,765
Tsui Wah Management Limited	39,769	39,769	36,121
	<u>141,126</u>	<u>141,126</u>	<u>138,432</u>

30 June 2012

Group

	30 June 2012	Maximum amount outstanding during the period	1 April 2012
	HK\$'000	HK\$'000	HK\$'000
Due from directors			
Mr. Lee Yuen Hong	—	32,300	30,909
Mr. Ho Ting Chi	—	31,033	31,033
Mr. Cheung Yu To	—	11,795	11,683
Mr. Cheung Wai Keung	—	20,023	19,835
Mr. Cheung Yue Pui	—	5,995	5,935
	<u>—</u>	<u>5,995</u>	<u>5,935</u>
	<u>—</u>		<u>99,395</u>
Due from related companies			
Ample Favour Limited	—	919	910
Best Giant Limited	—	1,968	1,966
Champion Stage Limited	—	12,036	12,032
Cui Fa Limited	—	10,473	8,956
Fame City International Limited	—	6,082	5,975
Goodman Bond International Limited	—	16,320	16,320
Great List Limited	—	10,096	10,096
Joint Resources Limited	—	10	10
Joy Express Limited	—	4,901	4,601
Macca Investment Limited	—	518	518
Profit More Corporation Limited	—	4	4
Quick Time Networking Limited	—	46	—
Victor Leap Limited	—	685	676
Victory Bit Limited	—	1,058	1,058
World Bond Limited	—	26	26
Success Path Limited	—	32,313	32,313
Tsui Wah Estates (Hong Kong) Limited	—	4,123	4,123
Tsui Wah Food Limited	—	1,773	1,773
Tsui Wah Management Limited	—	39,769	39,769
	<u>—</u>	<u>39,769</u>	<u>39,769</u>
	<u>—</u>		<u>141,126</u>

An analysis of the amounts due to directors is as follows:

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
Due to directors				HK\$'000
Mr. Lee Yuen Hong	7,449	11,933	17,661	—
Mr. Ho Ting Chi	8,238	9,771	14,184	—
Mr. Cheung Yu To	3,132	4,223	5,873	—
Mr. Cheung Wai Keung	3,317	3,318	3,461	—
Mr. Cheung Yue Pui	3,287	3,287	3,430	—
	<u>25,423</u>	<u>32,532</u>	<u>44,609</u>	<u>—</u>

An analysis of the amounts due to related companies is as follows:

Group

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
Due to related companies				HK\$'000
Best Giant Limited	188	141	141	—
Champion Stage Limited	7,481	7,481	5,782	—
Goodman Bond International Limited	—	—	200	—
Joy Express Limited	17,554	25,556	17,448	—
Joint Resources Limited	3,460	3,460	3,452	—
Quick Time Networking Limited	173	619	986	—
Success Path Limited	—	853	659	—
Tsui Wah Estates (Hong Kong) Limited	50,028	50,028	50,028	—
Tsui Wah Management Limited	209	209	210	—
	<u>79,093</u>	<u>88,347</u>	<u>78,906</u>	<u>—</u>

All the above related companies are controlled by the Controlling Shareholders, except for Profit More Corporation Limited which is a company controlled by Ms. Chan Choi Fung and Ms. Tai Ngan Har Talia, who are the spouse of Mr. Lee Yuen Hong and Mr. Ho Ting Chi, respectively.

Balances with directors and related companies are unsecured, interest-free and have no fixed terms of repayment.

None of the amounts due from directors and related companies is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

20. Cash and Cash Equivalents**Group**

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
Cash and bank balances	<u>38,810</u>	<u>62,906</u>	<u>92,082</u>	<u>104,080</u>
Cash and cash equivalents denominated in:				
HK\$.	30,475	49,297	73,494	83,692
Renminbi ("RMB")	<u>8,335</u>	<u>13,609</u>	<u>18,588</u>	<u>20,388</u>
	<u>38,810</u>	<u>62,906</u>	<u>92,082</u>	<u>104,080</u>

RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. Trade Payables

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

Group

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
Within 1 month	11,549	15,931	21,360	24,679
Over 1 month but less than 2 months.	<u>11,267</u>	<u>13,029</u>	<u>17,563</u>	<u>19,727</u>
	<u>22,816</u>	<u>28,960</u>	<u>38,923</u>	<u>44,406</u>

The trade payables are non-interest-bearing and generally have payment terms of 45 days.

Included in the Group's trade payables as at 30 June 2012 is a trade payable of HK\$707,000 due to the Group's jointly-controlled entity which is repayable on similar credit terms to those offered by the major suppliers of the Group.

22. Other Payables and Accruals

Group

	As at 31 March			As at 30 June
	2010	2011	2012	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other payables	10,135	10,843	21,692	23,733
Accruals	17,123	22,999	28,158	38,588
	<u>27,258</u>	<u>33,842</u>	<u>49,850</u>	<u>62,321</u>

Other payables are non-interest-bearing and have average payment terms of one to three months.

23. Interest-bearing Bank and Other Borrowings

Group

	As at 31 March						As at 30 June					
	2010			2011			2012			2012		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current												
Finance lease payables (note 24)	8.2	2011	139	5.8	2012	143	5.8	2013	143	5.8	2013	143
Bank loans — unsecured	—	—	—	2.3	2012	12,814	—	—	—	—	—	—
			<u>139</u>			<u>12,957</u>			<u>143</u>			<u>143</u>
Non-current												
Finance lease payables (note 24)	—	—	—	5.8	2016	403	5.8	2016	284	5.8	2016	253
			<u>—</u>			<u>403</u>			<u>284</u>			<u>253</u>
			<u>139</u>			<u>13,360</u>			<u>427</u>			<u>396</u>

Group

	As at 31 March			As at 30 June
	2010	2011	2012	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Analysed into:				
Bank loans repayable:				
Within one year or on demand	—	12,814	—	—
Other borrowings repayable:				
Within one year or on demand	139	143	143	143
In the second year.	—	135	135	135
In the third to fifth years, inclusive	—	268	149	118
	<u>139</u>	<u>546</u>	<u>427</u>	<u>396</u>
	<u>139</u>	<u>13,360</u>	<u>427</u>	<u>396</u>

- (a) Certain directors of the Company, namely Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Wai Keung and Mr. Cheung Yue Pui, have guaranteed the Group's bank borrowings up to HK\$12,814,000 as at 31 March 2011.
- (b) All the Group's bank and other borrowings as at the end of each of the Relevant Periods are denominated in Hong Kong dollars.

24. Finance Lease Payables

The Group leases certain of its motor vehicles for business use. These leases are classified as finance leases and have a remaining lease term of four years.

At the end of each of the Relevant Periods, the Group's total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments			Present value of minimum lease payments				
	As at 31 March		As at 30 June	As at 31 March			As at 30 June	
	2010	2011	2012	2010	2011	2012	2012	
	HK\$'000							
Amounts payable:								
Within one year	145	147	147	147	139	143	143	143
In the second year	—	147	147	147	—	135	135	135
In the third to fifth years, inclusive	—	318	172	135	—	268	149	118
Total minimum finance lease payments	145	612	466	429	<u>139</u>	<u>546</u>	<u>427</u>	<u>396</u>
Future finance charges	(6)	(66)	(39)	(33)				
Total net finance lease payables . .	139	546	427	396				
Portion classified as current liabilities (note 23).	(139)	(143)	(143)	(143)				
Non-current portion (note 23)	<u>—</u>	<u>403</u>	<u>284</u>	<u>253</u>				

25. Deferred Tax

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	<u>Others</u>	<u>Depreciation in excess of related depreciation allowance</u>	<u>Losses available for offsetting against future taxable profits</u>	<u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2009	—	325	4,405	4,730
Deferred tax credited to the consolidated income statement during the year (note 10).	—	2,199	1,059	3,258
At 31 March 2010 and 1 April 2010	—	2,524	5,464	7,988
Deferred tax credited/(charged) to the consolidated income statement during the year (note 10)	—	437	(1,306)	(869)
At 31 March 2011 and 1 April 2011	—	2,961	4,158	7,119
Deferred tax credited/(charged) to the consolidated income statement during the year (note 10)	—	732	(2,027)	(1,295)
At 31 March 2012 and 1 April 2012	—	3,693	2,131	5,824
Deferred tax credited/(charged) to the consolidated income statement during the period (note 10)	805	472	(635)	642
At 30 June 2012	<u>805</u>	<u>4,165</u>	<u>1,496</u>	<u>6,466</u>

Deferred tax liabilities

	<u>Depreciation allowance in excess of related depreciation</u>
	HK\$'000
At 1 April 2009.	62
Deferred tax charged to the consolidated income statement during the year (note 10).	66
At 31 March 2010 and 1 April 2010	128
Deferred tax charged to the consolidated income statement during the year (note 10).	332
At 31 March 2011 and 1 April 2011	460
Deferred tax credited to the consolidated income statement during the year (note 10).	(25)
At 31 March 2012 and 1 April 2012	435
Deferred tax charged to the consolidated income statement during the period (note 10)	115
At 30 June 2012	<u>550</u>

Certain subsidiaries of the Group have tax losses arising in Hong Kong in total of HK\$5,893,000 and HK\$9,998,000 as at 31 March 2012 and 30 June 2012, respectively, that are available indefinitely for offsetting against their future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the New PRC Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

At the end of each of the Relevant Periods, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK\$3,024,000, HK\$11,791,000, HK\$21,173,000 and HK\$22,286,000 at 31 March 2010, 2011 and 2012 and 30 June 2012, respectively.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. Issued Capital

The Company is a limited liability company incorporated in the Cayman Islands on 29 May 2012. The authorized share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each.

There was no authorized and issued capital as at 31 March 2010, 2011 and 2012 since the Company has not yet been incorporated.

Company

	As at 30 June 2012
	HK\$'000
Issued and fully paid:	
200,000,000 ordinary shares of HK\$0.01 each	<u>2,000</u>

During the three-month period ended 30 June 2012, the movements in the share capital were as follows:

- (a) Pursuant to an ordinary resolution passed on 29 May 2012, 1 ordinary share of HK\$0.01 was allotted, issued and credited as fully paid to the Company's initial subscriber, and was subsequently transferred to Cui Fa Limited.

- (b) Pursuant to an ordinary resolution passed on 29 June 2012, a total of 199,999,999 ordinary shares of HK\$0.01 each were issued at par for cash to Cui Fa Limited, Ample Favour Limited, Victor Leap Limited, Macca Investment Limited and Mr. Chau Tit Wa. See the details as set out in "History, Development and Reorganization — Our Corporate Development — Reorganization" in the Prospectus.

27. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for each of the Relevant Periods and the three-month period ended 30 June 2011 are presented in the consolidated statements of changes in equity on page I-6 of this report.

(b) Merger reserve

The merger reserve represents the reserve arising pursuant to the Reorganisation as detailed in note 1 above.

(c) Statutory reserve

Transfers from retained profits to the statutory reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC, and were approved by the respective boards of directors.

(d) Considerations paid in the Kang Wang/Cui Xin Restructuring

For the purpose of this report, the considerations paid in the Kang Wang/Cui Xin Restructuring represent the considerations paid to the Controlling Shareholders in respect of the Kang Wang/Cui Xin Restructuring (as defined in the Prospectus).

(e) Acquisition of non-controlling interests by deemed capital contribution from the Controlling Shareholders

The movement in merger reserve represents deemed capital contributions from the Controlling Shareholders in respect of the acquisition of non-controlling interests pursuant to the Reorganisation (note 29(iv)).

28. Related Party Transactions

- (i) In addition to the transactions and balances detailed elsewhere in this report, the Group had the following material transactions with related parties during the Relevant Periods and the three-month period ended 30 June 2011:

	Year ended 31 March			Three-month period ended 30 June	
	2010	2011	2012	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Sale of food to jointly-controlled entities . . .	3,651	4,605	12,483	2,100	4,020
Purchase of food from a jointly-controlled entity	—	—	1,268	268	359
Rental fee paid and payable to:					
Fame City International Limited	240	240	659	165	165
Success Path Limited	—	855	1,140	285	500
Champion Stage Limited	960	960	1,572	393	393
Joy Express Limited	2,805	9,600	9,600	2,400	2,400
Service fee charged by Quick Time Networking Limited	905	570	158	40	—
Purchase of property, plant and equipment from Quick Time Networking Limited . . .	255	1,859	1,103	—	—

The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

During the Relevant Periods, Quick Time Networking Limited licensed the point-of-sale system to the Group for free.

Unless otherwise stated, all of the above related parties are controlled by the Controlling Shareholders.

- (ii) The Group's profits tax loan facilities are guaranteed by the Company's directors, Mr. Lee Yuen Hong, Mr. Ho Ting Chi, Mr. Cheung Yu To, Mr. Cheung Wai Keung and Mr. Cheung Yue Pui. As at 31 March 2011, the profits tax loan facilities granted to the Group of HK\$12,814,000 were utilised to the extent of HK\$12,814,000 (note 23(a)). The profits tax loans were fully paid during the year ended 31 March 2012.
- (iii) Compensation of key management personnel of the Group, including directors' remuneration as disclosed in note 8 to the Financial Information, is as follows:

	Year ended 31 March			Three-month period ended 30 June	
	2010	2011	2012	2011	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Short term employee benefits	4,115	5,072	6,215	1,508	1,565
Post-employment benefits	60	72	84	21	23
	4,175	5,144	6,299	1,529	1,588

29. Major Non-cash Transactions

- (i) During the year ended 31 March 2011, the Group entered into a finance lease arrangement in respect of a motor vehicle with a total capital value at the inception of the lease of HK\$639,000.
- (ii) During the year ended 31 March 2012, the Group acquired certain non-controlling interests for a total cash consideration of HK\$8,331,000 settled on behalf by the Controlling Shareholders.
- (iii) During the year ended 31 March 2012, the Group acquired the interests in subsidiaries in respect of the Kang Wang/Cui Xin Restructuring for a total consideration of HK\$2,823,000 settled on behalf by the Controlling Shareholders.
- (iv) During the three-month period ended 30 June 2012, pursuant to the Reorganisation, the Group acquired non-controlling interests in consideration of 4,088 shares in Kang Wang transferred from the Controlling Shareholders to the non-controlling shareholder.
- (v) During the three-month period ended 30 June 2012, pursuant to the Reorganisation, the Company acquired the shares in Kang Wang and Cui Xin for a total cash consideration of HK\$2,000,000 settled by offsetting against the consideration receivable from issue of shares of the Company to the then equity holders pursuant to the Reorganisation.
- (vi) During the three-month period ended 30 June 2012, Kang Wang declared a special dividend of HK\$117,856,000 to its then shareholders to offset the Group's outstanding balances with directors and related companies pursuant to the deed of assignments. Before the settlement of the balances, the amounts due from the directors and the related companies were HK\$100,877,000 and HK\$130,514,000, respectively, and the amounts due to the directors and the related companies were HK\$44,677,000 and HK\$68,858,000, respectively.

30. Operating Lease Commitments

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to ten years.

As at the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
				HK\$'000
Within one year	30,384	53,661	73,985	66,307
In the second to fifth years, inclusive	27,542	63,062	90,616	106,355
Beyond five years	1,165	311	21,324	12,153
	<u>59,091</u>	<u>117,034</u>	<u>185,925</u>	<u>184,815</u>

In addition, the operating lease rentals for certain restaurants are based on the higher of a fixed rental and contingent rent based on the sales of these restaurants pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales of these restaurants could not be reliably determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

31. Commitments

In addition to the operating lease commitments detailed in note 30 above, the Group had the following capital commitments at the end of each of the Relevant Periods.

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	2012
				HK\$'000
Contracted, but not provided for leasehold improvements	4,743	13,873	5,222	327
Authorized, but not contracted for leasehold improvements	—	—	4,000	—
	<u>4,743</u>	<u>13,873</u>	<u>9,222</u>	<u>327</u>

32. Financial Instruments by Category

As at the end of each of the Relevant Periods, all the financial assets and liabilities of the Group were loans and receivables and financial liabilities at amortised cost, respectively.

33. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents and interest-bearing bank and other borrowings. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, trade payables, other payables and accruals and balances with directors, jointly-controlled entities and related parties.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group only has bank and other borrowings with fixed interest rate and thus, the Directors believe the Group's exposure to interest rate risk is minimal.

Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars or Renminbi. Given that fluctuations between Renminbi and Hong Kong dollars are under the control of the PRC government, the foreign currency risk is considered not material and the Group therefore does not have a foreign currency hedging policy. However, the management monitors the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

	<u>31 March 2010</u>
	<u>Less than 1 year</u>
	<u>HK\$'000</u>
Trade payables	22,816
Financial liabilities included in other payables and accruals	27,258
Due to directors	25,423
Due to related companies	79,093
Interest-bearing bank and other borrowings	145
	<u>154,735</u>

	<u>31 March 2011</u>		
	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Trade payables	28,960	—	28,960
Financial liabilities included in other payables and accruals	33,842	—	33,842
Due to directors	32,532	—	32,532
Due to related companies	88,347	—	88,347
Interest-bearing bank and other borrowings	13,249	465	13,714
	<u>196,930</u>	<u>465</u>	<u>197,395</u>

	<u>31 March 2012</u>		
	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Trade payables	38,923	—	38,923
Financial liabilities included in other payables and accruals	49,850	—	49,850
Due to directors	44,609	—	44,609
Due to related companies	78,906	—	78,906
Interest-bearing bank and other borrowings	147	319	466
	<u>212,435</u>	<u>319</u>	<u>212,754</u>

	<u>30 June 2012</u>		
	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Trade payables	44,406	—	44,406
Financial liabilities included in other payables and accruals	62,321	—	62,321
Interest-bearing bank and other borrowings	147	282	429
	<u>106,874</u>	<u>282</u>	<u>107,156</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is expressed as a percentage of interest-bearing bank and other borrowings over capital. Capital represents equity attributable to owners of the Company. The gearing ratios as at the end of each of the Relevant Periods were as follows:

Group

	As at 31 March			As at
	2010	2011	2012	30 June
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest-bearing bank and other borrowings	139	13,360	427	396
Equity attributable to owners of the Company	<u>127,686</u>	<u>180,962</u>	<u>258,632</u>	<u>184,002</u>
Gearing ratio	<u>0.1%</u>	<u>7.4%</u>	<u>0.2%</u>	<u>0.2%</u>

III. EVENTS AFTER THE REPORTING PERIOD

- (a) On 5 November 2012, the Company adopted a Pre-IPO share option scheme, pursuant to which the Company conditionally granted share options to certain employees, executives and officers of the Group and a director of the Company. Further details of the Pre-IPO share option scheme and the share options granted are set out in "E. Share Option Schemes — Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus.
- (b) In October 2012, the Company declared a special dividend of HK\$53,474,000 to its then shareholders. Such dividend was not accounted for in the Financial Information during the Relevant Periods.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2012.

Yours faithfully,
Ernst & Young
Certified Public Accountants
 Hong Kong

The information set out in this Appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted consolidated net tangible assets of the Group which has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had been taken place on June 30, 2012 and based on the audited consolidated net assets attributable to owners of our Company as at June 30, 2012 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

The unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only and, because of its nature, it may not give a true and fair picture of the financial position of the Group after the completion of the Global Offering or at any future dates.

	Audited consolidated net tangible assets attributable to owners of the Company as at June 30, 2012	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share
	HK\$'000	HK\$'000	HK\$'000	HK\$
	(Note 1)	(Note 2)		(Notes 3, 4 and 5)
Based on an Offer Price of HK\$1.89 per Share	184,002	570,001	754,003	0.57
Based on an Offer Price of HK\$2.27 per Share	184,002	692,225	876,227	0.66

Notes:

- The audited consolidated net tangible assets attributable to owners of the Company as at June 30, 2012 is arrived at after deducting non-controlling interests of HK\$78,000 from the audited consolidated net assets of HK\$184,080,000 as at June 30, 2012, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$1.89 to HK\$2.27 per Share, being the lower end to higher end of the stated offer price range, after deduction of the estimated underwriting fees and other related expenses payable by our Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.
- The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments as described in note 2 above and on the basis that 1,333,334,000 Shares are in issue assuming that the Global Offering and the Capitalization Issue have been completed on June 30, 2012 but takes no account of any Shares which may be issued upon exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

4. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company does not take into account a special dividend of HK\$53,474,000 declared by the Company to its then shareholders in October 2012. Had the special dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK\$0.53 (assuming an Offer Price of HK\$1.89 per Share) and HK\$0.62 (assuming an Offer Price of HK\$2.27 per Share), respectively.
5. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company does not take into account the 100,000,200 shares to be issued upon the full exercise of the Pre-IPO share options granted under the Pre-IPO Share Option Scheme. Had the Pre-IPO Share Option Scheme been taken into account, assuming that all the Pre-IPO share options granted have been fully exercised on June 30, 2012, the unaudited pro forma adjusted consolidated net tangible assets per Share would be HK\$0.66 (assuming an Offer Price of HK\$1.89 per Share) and HK\$0.77 (assuming an Offer Price of HK\$2.27 per Share), respectively.
6. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2012.

B. LETTER FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this prospectus.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

14 November 2012

The Directors
Tsui Wah Holdings Limited
Deutsche Securities Asia Limited
Deutsche Bank AG, Hong Kong Branch

Dear Sirs,

We report on the unaudited pro forma adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of Tsui Wah Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which have been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how the global offering of shares of the Company might have affected the financial information presented, for inclusion in Section A of Appendix II to the prospectus of the Company dated 14 November 2012 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare 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" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form 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.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 *Accountants' Reports on Pro Forma Financial Information in Investment Circulars* issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated, that such bases are consistent with the accounting policies of the Group and that 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.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2012 or any future dates.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated;
- (b) such bases are 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.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 29, 2012 under the Cayman Islands Company Law. The Memorandum of Association (the “Memorandum”) and the Articles of Association (the “Articles”) comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Islands Company Law and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.
- (b) Our Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on November 5, 2012. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Islands Company Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Cayman Islands Company Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of our Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may from time to time determine.

Subject to the provisions of the Cayman Islands Company Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our 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 our Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of our Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Cayman Islands Company Law to be exercised or done by our Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by our Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with our Company or any of its subsidiaries

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Cayman Islands Company Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of our Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of our Company or companies with which it is associated in business) in establishing and making contributions out of our Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and ex-employees of our Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on

the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification.

A Director may be removed by an ordinary resolution of our Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to our Company at the registered office of our Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our Company and, subject to the Cayman Islands Company Law, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think 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 an additional or casting vote.

(x) Register of Directors and Officers

The Cayman Islands Company Law and the Articles provide that our Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of our Company.

(c) Alteration of capital

Our Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Cayman Islands Company Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Cayman Islands Company Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares; or

- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

Our Company may subject to the provisions of the Cayman Islands Company Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Cayman Islands Company Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution — majority required

Pursuant to the Articles, a special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorized, the authorisation shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where our Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of our Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Cayman Islands Company Law or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or authorized by the board or our Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before our Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), our Company may send to such persons summarised financial statements derived from our Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to summarised financial statements, a complete printed copy of our Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by our Company in general meeting or in such manner as the members may determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of our Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to the auditors for the time being of our Company.

Notwithstanding that a meeting of our Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat; and

- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of our Company representing not more than twenty per cent. (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of our Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Cayman Islands Company Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which our Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to our Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for our Company to purchase its own shares

Our Company is empowered by the Cayman Islands Company Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of our Company to own shares in our Company and financial assistance to purchase shares of our Company

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, our Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in our Company.

(m) Dividends and other methods of distribution

Subject to the Cayman Islands Company Law, our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realised or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Islands Company Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. Our Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(n) Proxies

Any member of our Company entitled to attend and vote at a meeting of our 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 our Company or at a class meeting. A proxy need not be a member of our 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. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Cayman Islands Company Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of our Company or at any relevant general meeting of any class of members of our Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of our Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that our 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 our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Cayman Islands Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, our Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, our Company has not during that time received any indication of the existence of the member; and (iii) our Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds, it shall become indebted to the former member of our Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Cayman Islands Company Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

Our Company is incorporated in the Cayman Islands subject to the Cayman Islands Company Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman Islands Company Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands Company Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Cayman Islands Company Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Islands Company Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to

the provisions of section 37 of the Cayman Islands Company Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Cayman Islands Company Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, our Company may give financial assistance to Directors and employees of our Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in our Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of Shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, its subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Cayman Islands Company Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Cayman Islands Company Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a

company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Islands Company Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Cayman Islands Company Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Islands Company Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Cayman Islands Company Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company.

The undertaking for our Company is for a period of twenty years from June 12, 2012.

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 our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Cayman Islands Company Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of our Company will have no general right under the Cayman Islands Company Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in our Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Cayman Islands Company Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Cayman Islands Company Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons,

either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or 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. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on

the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman (Cayman) Limited, our Company's special legal counsel on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Islands Company Law, is available for inspection as referred to in "Documents available for inspection" in Appendix V. 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 as an exempted company in the Cayman Islands under the Cayman Islands Company Law with limited liability on May 29, 2012. Our principal place of business is 3/F, Tsui Wah Group Centre, 50 Lai Yip St., Ngau Tau Kok, Kowloon, Hong Kong and we were registered as an oversea company in Hong Kong under Part XI of the Companies Ordinance on October 11, 2012. Mr. YANG Dong John has been appointed as our authorized representative in Hong Kong.

As we were incorporated in the Cayman Islands, we operate subject to Cayman Islands law and our constitution comprising the Memorandum and Articles of Association. A summary of various provisions of our constitution and relevant aspects of the Cayman Islands Company Law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

Our Company was incorporated on May 29, 2012. As at the date of incorporation, our Company had an authorized share capital of HK\$100,000,000, divided into 10,000,000,000 Shares of HK\$0.01 each. On the same date, one Share was issued for cash at par to Codan Trust Company (Cayman) Limited, which subsequently transferred the said Share to Cui Fa.

On June 29, 2012, Cui Fa, Ample Favour, Victor Leap, Macca Investment and Mr. Chau subscribed for 157,818,399 Shares, 17,081,600 Shares, 12,691,200 Shares, 12,000,000 Shares and 408,800 Shares, respectively, at par for cash.

On November 5, 2012, our Shareholders resolved that conditional upon the share premium account of our Company being credited as a result of the allotment and issue of the Offer Shares pursuant to the Global Offering, our Directors were authorized to capitalize an amount of HK\$8,000,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 800,000,000 Shares for allotment and issue to the Shareholders whose names appeared in the register of members of our Company at close of business on November 2, 2012.

Assuming that the Global Offering and the Capitalization Issue become unconditional and the issue of Shares is made pursuant thereto without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, the issued share capital of our Company immediately following the completion of the Global Offering and Capitalization Issue will be HK\$13,333,340 divided into 1,333,334,000 Shares, fully paid or credited as fully paid.

Save as aforesaid and as mentioned in “— 4. Written Resolutions of our Shareholders passed on November 5, 2012” below, there has been no alternation in the share capital of our Company since the date of its incorporation.

3. Changes in share capital of our subsidiaries

Our subsidiaries are listed in “History, Development and Reorganization — Our Group Companies” in this prospectus above. The following alterations in the share capital or the registered capital of the subsidiaries of our Company have taken place within two years preceding the date of this prospectus:

(a) *Happy Billions*

- (i) As of the date of its incorporation on July 18, 2011, the authorized share capital of Happy Billions was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On August 30, 2011, the issued share capital of Happy Billions increased from HK\$1 comprising 1 share of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Happy Billions since August 30, 2011.

(b) *Green Wave*

- (i) As of the date of its incorporation on January 6, 2006, the authorized share capital of Green Wave was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On November 2, 2010, the issued share capital of Green Wave increased from HK\$3 divided into 3 shares of HK\$1 each to HK\$100 divided into 100 shares of HK\$1 each.
- (iii) On October 17, 2011, the issued share capital of Green Wave increased from HK\$100 divided into 100 shares of HK\$1 each to HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (iv) There has been no change in the share capital of Green Wave since October 17, 2011.

(c) *Euro Success*

- (i) As of the date of its incorporation on January 6, 2006, the authorized share capital of Euro Success was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On September 16, 2009, the issued share capital of Euro Success increased from HK\$3 divided into 3 shares of HK\$1 each to HK\$1,225 divided into 1,225 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Euro Success since September 16, 2009.

(d) *TW Restaurant Holding*

- (i) As of the date of its incorporation on August 12, 1993, the authorized share capital of TW Restaurant Holding was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On February 5, 1994, the issued share capital of TW Restaurant Holding increased from HK\$2 divided into 2 shares of HK\$1 each to HK\$4 divided into 4 shares of HK\$1 each.

- (iii) On September 16, 2009, the issued share capital of TW Restaurant Holding increased from HK\$4 divided into 4 shares of HK\$1 each to HK\$390 divided into 390 shares of HK\$1 each.
- (iv) On October 17, 2011, the issued share capital of TW Restaurant Holding increased from HK\$390 divided into 390 shares of HK\$1 each to HK\$9,400 divided into 9,400 shares of HK\$1 each.
- (v) There has been no change in the share capital of TW Restaurant Holding since October 17, 2011.

(e) Win Idea

- (i) As of the date of its incorporation on July 25, 1989, the authorized share capital of Win Idea was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On October 5, 1989, the authorized share capital of Win Idea increased from HK\$10,000 divided into 10,000 shares of HK\$1 each to HK\$600,000 divided into 600,000 shares of HK\$1 each.
- (iii) On October 5, 1989, the issued share capital of Win Idea increased from HK\$2 divided into 2 shares of HK\$1 each to HK\$600,000 divided into 600,000 shares of HK\$1 each.
- (iv) On October 31, 2011, the authorized and issued share capital of Win Idea increased from HK\$600,000 divided into 600,000 shares of HK\$1 each to HK\$1,400,000 divided into 1,400,000 shares of HK\$1 each.
- (v) There has been no change in the share capital of Win Idea since October 31, 2011.

(f) Senfield

- (i) As of the date of its incorporation on March 16, 1998, the authorized share capital of Senfield was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On September 16, 2009, the issued share capital of Senfield increased from HK\$4 divided into 4 shares of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iii) On July 18, 2011, the issued share capital of Senfield increased from HK\$10 divided into 10 shares of HK\$1 each to HK\$1,000 divided into 1,000 shares of HK\$1 each.
- (iv) On October 17, 2011, the issued share capital of Senfield increased from HK\$1,000 divided into 1,000 shares of HK\$1 each to HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (v) There has been no change in the share capital of Senfield since October 17, 2011.

(g) Billioncom

- (i) As of the date of its incorporation on September 7, 1998, the authorized share capital of Billioncom was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On October 8, 1998, the issued share capital of Billioncom increased from HK\$2 divided into 2 shares of HK\$1 each to HK\$4 divided into 4 shares of HK\$1 each.

- (iii) On September 16, 2009, the issued share capital of Billioncom increased from HK\$4 divided into 4 shares of HK\$1 each to HK\$100 divided into 100 shares of HK\$1 each.
- (iv) There has been no change in the share capital of Billioncom since September 16, 2009.

(h) Kenglory

- (i) As of the date of its incorporation on December 5, 1996, the authorized share capital of Kenglory was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On December 18, 1996, the issued share capital of Kenglory increased from HK\$2 divided into 2 shares of HK\$1 each to HK\$4 divided into 4 shares of HK\$1 each.
- (iii) On September 16, 2009, the issued share capital of Kenglory increased from HK\$4 divided into 4 shares of HK\$1 each to HK\$225 divided into 225 shares of HK\$1 each.
- (iv) On October 17, 2011, the issued share capital of Kenglory increased from HK\$225 divided into 225 shares of HK\$1 each to HK\$9,000 divided into 9,000 shares of HK\$1 each.
- (v) There has been no change in the share capital of Kenglory since October 17, 2011.

(i) Sky Oasis

- (i) As of the date of its incorporation on December 10, 2004, the authorized share capital of Sky Oasis was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On December 30, 2004, the issued share capital of Sky Oasis increased from HK\$1 divided into 1 share of HK\$1 each to HK\$8 divided into 8 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Sky Oasis since December 30, 2004.

(j) Happy Oasis

- (i) As of the date of its incorporation on October 6, 2004, the authorized share capital of Happy Oasis was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On October 28, 2004, the issued share capital of Happy Oasis increased from HK\$1 divided into 1 share to HK\$7 divided into 7 shares of HK\$1 each.
- (iii) On January 18, 2005, the issued share capital of Happy Oasis increased from HK\$7 divided into 7 shares to HK\$10 divided into 10 shares of HK\$1 each.
- (iv) On November 2, 2010, the issued share capital of Happy Oasis increased from HK\$10 shares divided into 10 shares of HK\$1 each to HK\$100 divided into 100 shares of HK\$1 each.
- (v) On October 17, 2011, the issued share capital of Happy Oasis increased from HK\$100 divided into 100 shares of HK\$1 each to HK\$10,000 shares divided into 10,000 shares of HK\$1 each.

- (vi) There has been no change in the share capital of Happy Oasis since October 17, 2011.

(k) Royal Gold

- (i) As of the date of its incorporation on February 1, 2007, the authorized share capital of Royal Gold was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On April 12, 2007, the issued share capital of Royal Gold increased from HK\$1 divided into 1 share of HK\$1 each to HK\$8 divided into 8 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Royal Gold since April 12, 2007.

(l) Dragonsea

- (i) As of the date of its incorporation on December 12, 2005, the authorized share capital of Dragonsea was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On February 18, 2006, the issued share capital of Dragonsea increased from HK\$1 divided into 1 share of HK\$1 each to HK\$2 divided into 2 shares of HK\$1 each.
- (iii) On February 3, 2010, the issued share capital of Dragonsea increased from HK\$2 divided into 2 shares of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iv) There has been no change in the share capital of Dragonsea since February 3, 2010.

(m) TW Catering Management

- (i) As of the date of its incorporation on December 29, 2006, the authorized share capital of TW Catering Management was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On October 2, 2008, the authorized share capital of TW Catering Management increased from HK\$10,000 divided into 10,000 shares of HK\$1 each to \$1,200,000 divided into 1,200,000 shares of HK\$1 each.
- (iii) On October 3, 2008, the issued share capital of TW Catering Management increased from \$3 divided into 3 shares of HK\$1 each to HK\$1,200,000 divided into 1,200,000 shares of HK\$1 each.
- (iv) There has been no change in the share capital of TW Catering Management since October 3, 2008.

(n) Joyhale

- (i) As of the date of its incorporation on July 3, 2008, the authorized share capital of Joyhale was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On July 14, 2008, the issued share capital of Joyhale increased from HK\$1 divided into 1 share of HK\$1 each to HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Joyhale since July 14, 2008.

(o) TW Efford

- (i) As of the date of its incorporation on March 20, 1998, the authorized share capital of TW Efford was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On May 28, 1998, the issued share capital of TW Efford increased from HK\$2 divided into 2 shares of HK\$1 each to HK\$4 divided into 4 shares of HK\$1 each.
- (iii) On November 2, 2010, the issued share capital of TW Efford increased from HK\$4 divided into 4 shares of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iv) There has been no change in the share capital of TW Efford since November 2, 2010.

(p) Common Way

- (i) As of the date of its incorporation on April 7, 2010, the authorized share capital of Common Way was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On May 20, 2010, the issued share capital of Common Way increased from HK\$1 divided into 1 share of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Common Way since May 20, 2010.

(q) Ever Million Rich

- (i) As of the date of its incorporation on April 7, 2010, the authorized share capital of Ever Million Rich was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On April 27, 2010, the issued share capital of Ever Million Rich increased from HK\$1 divided into 1 share of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Ever Million Rich since April 27, 2010.

(r) Flying Gold

- (i) As of the date of its incorporation on June 16, 2011, the authorized share capital of Flying Gold was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On August 30, 2011, the issued share capital of Flying Gold increased from HK\$1 divided into 1 share of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Flying Gold since August 30, 2011.

(s) Golden York

- (i) As of the date of its incorporation on August 3, 2009, the authorized share capital of Golden York was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On September 2, 2009, the issued share capital of Golden York increased from HK\$1 divided into 1 share of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Golden York since September 2, 2009.

(t) Pioneer Ray

- (i) As of the date of its incorporation on November 23, 2009, the authorized share capital of Pioneer Ray was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On December 18, 2009, the issued share capital of Pioneer Ray increased from HK\$1 divided into 1 share of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Pioneer Ray since December 18, 2009.

(u) Richberg

- (i) As of the date of its incorporation on August 8, 2007, the authorized share capital of Richberg was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On November 2, 2007, the issued share capital of Richberg increased from HK\$1 divided into 1 share of HK\$1 each to HK\$8 divided into 8 shares of HK\$1 each.
- (iii) On November 2, 2010, the issued share capital of Richberg increased from HK\$8 divided into 8 shares of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iv) There has been no change in the share capital of Richberg since November 2, 2010.

(v) Special Wise

- (i) As of the date of its incorporation on April 23, 2010, the authorized share capital of Special Wise was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On May 20, 2010, the issued share capital of Special Wise increased from HK\$1 divided into 1 share of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Special Wise since May 20, 2010.

(w) Summer Rich

- (i) As of the date of its incorporation on June 14, 2011, the authorized share capital of Summer Rich was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On August 30, 2011, the issued share capital of Summer Rich increased from HK\$1 divided into 1 share of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Summer Rich since August 30, 2011.

(x) TW Catering

- (i) As of the date of its incorporation on October 21, 1998, the authorized share capital of TW Catering was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On November 2, 2010, the issued share capital of TW Catering increased from HK\$4 divided into 4 shares of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.

- (iii) There has been no change in the share capital of TW Catering since November 2, 2010.

(y) TW Patent

- (i) As of the date of its incorporation on February 3, 2010, the authorized share capital of TW Patent was US\$50,000 divided into 50,000 shares of US\$1 each.
- (ii) On February 3, 2010, the issued share capital of TW Patent was US\$8 divided into 8 shares of US\$1 each.
- (iii) There has been no change in the share capital of TW Patent since February 3, 2010.

(z) China Sure

- (i) As of the date of its incorporation on January 14, 2009, the authorized share capital of China Sure was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On March 30, 2009, the issued share capital of China Sure increased from HK\$1 divided into 1 share of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iii) There has been no change in the share capital of China Sure since March 30, 2009.

(aa) Popular Green

- (i) As of the date of its incorporation on December 17, 2009, the authorized share capital of Popular Green was US\$50,000 divided into 50,000 shares of US\$1 each.
- (ii) On January 7, 2010, the issued share capital of Popular Green was US\$50,000 divided into 50,000 shares of US\$1 each.
- (iii) There has been no change in the share capital of Popular Green since January 7, 2010.

(bb) Famous China

- (i) As of the date of its incorporation on March 5, 2003, the authorized share capital of Famous China was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On April 1, 2003, the issued share capital of Famous China increased from HK\$2 divided into 2 shares of HK\$1 each to HK\$10 divided into 10 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Famous China since April 1, 2003.

(cc) Kang Wang

- (i) As of the date of its incorporation on July 12, 2011, the authorized share capital of Kang Wang was US\$50,000 divided into 50,000 shares of US\$1 each.
- (ii) On November 4, 2011, the authorized share capital of Kang Wang diminished by US\$50,000 divided into 50,000 shares of US\$1 each and increased by HK\$2,000,000 divided into 2,000,000 shares of HK\$1 each.

- (iii) On November 4, 2011, the issued share capital of Kang Wang was HK\$1,000,000 divided into 1,000,000 shares of HK\$1 each.
- (iv) There has been no change in the share capital of Kang Wang since November 4, 2011.

(dd) Cui Xin

- (i) As of the date of its incorporation on September 28, 2011, the authorized share capital of Cui Xin was US\$50,000 divided into 50,000 shares of US\$1 each.
- (ii) On November 15, 2011, the authorized share capital of Cui Xin diminished by US\$50,000 divided into 50,000 shares of US\$1 each and increased by HK\$2,000,000 divided into 2,000,000 shares of HK\$1 each.
- (iii) On November 15, 2011, the issued share capital of Cui Xin was HK\$1,000,000 divided into 1,000,000 shares of HK\$1 each.
- (iv) There has been no change in the share capital of Cui Xin since November 15, 2011.

(ee) Shanghai Cai Hua

- (i) As of the date of its incorporation on April 27, 2009, the registered capital of Shanghai Cai Hua was HK\$1.2 million.
- (ii) On November 19, 2009, the registered capital of Shanghai Cai Hua in the amount of HK\$1.2 million was fully paid.
- (iii) On May 18, 2012, the registered capital of Shanghai Cai Hua increased from HK\$1.2 million to HK\$20.6 million.
- (iv) There has been no change in the registered capital of Shanghai Cai Hua since May 18, 2012.

(ff) Shanghai Cui Sheng

- (i) As of the date of its incorporation on September 8, 2010, the registered capital of Shanghai Cui Sheng was HK\$0.8 million.
- (ii) On January 14, 2011, the registered capital of Shanghai Cui Sheng increased from HK\$0.8 million to HK\$4.3 million.
- (iii) On March 7, 2011, the registered capital of Shanghai Cui Sheng in the amount of HK\$4.3 million was fully paid.
- (iv) There has been no change in the registered capital of Shanghai Cui Sheng since January 14, 2011.

(gg) Wuhan Cai Hua

- (i) As of the date of its incorporation on April 25, 2012, the registered capital of Wuhan Cai Hua was RMB2 million.

- (ii) On October 14, 2011, the registered capital of Wuhan Cai Hua in the amount of RMB2 million was fully paid.
- (iii) There has been no change in the registered capital of Wuhan Cai Hua since April 25, 2012.

(hh) Famous Star

- (i) As of the date of its incorporation on October 15, 2008, the authorized share capital of Famous Star was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On November 11, 2008, the issued share capital of Famous Star increased from HK\$1 divided into 1 share of HK\$1 each to HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Famous Star since November 11, 2008.

(ii) Pak Tat

- (i) As of the date of its incorporation on October 30, 2008, the registered capital of Pak Tat was MOP25,000.
- (ii) On October 30, 2008, the registered capital of Pak Tat in the amount of MOP25,000 was fully paid.
- (iii) There has been no change in the registered share capital of Pak Tat since October 30, 2008.

(jj) Champion Richstar

- (i) As of the date of its incorporation on June 14, 2012, the authorized share capital of Champion Richstar was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On July 24, 2012, the issued share capital of Champion Richstar increased from HK\$1 comprising 1 share of HK\$1 each to HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Champion Richstar since July 24, 2012.

(kk) Green Luck

- (i) As of the date of its incorporation on April 1, 2012, the authorized share capital of Green Luck was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On June 6, 2012, the issued share capital of Green Luck increased from HK\$1 comprising 1 share of HK\$1 each to HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Green Luck since June 6, 2012.

(II) Green Treasure

- (i) As of the date of its incorporation on June 26, 2012, the authorized share capital of Green Treasure was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On July 24, 2012, the issued share capital of Green Treasure increased from HK\$1 comprising 1 share of HK\$1 each to HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Green Treasure since July 24, 2012.

(mm) Longwin Corporate

- (i) As of the date of its incorporation on June 8, 2012, the authorized share capital of Longwin Corporate was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On July 24, 2012, the issued share capital of Longwin Corporate increased from HK\$1 comprising 1 share of HK\$1 each to HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (iii) There has been no change in the share capital of Longwin Corporate since July 24, 2012.

(nn) New Top Star

- (i) As of the date of its incorporation on April 11, 2012, the authorized share capital of New Top Star was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On June 7, 2012, the issued share capital of New Top Star increased from HK\$1 comprising 1 share of HK\$1 each to HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (iii) There has been no change in the share capital of New Top Star since June 7, 2012.

(oo) New Power Zone

- (i) As of the date of its incorporation on April 11, 2012, the authorized share capital of New Power Zone was HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (ii) On June 6, 2012, the issued share capital of New Power Zone increased from HK\$1 comprising 1 share of HK\$1 each to HK\$10,000 divided into 10,000 shares of HK\$1 each.
- (iii) There has been no change in the share capital of New Power Zone since June 6, 2012.

Save as mentioned herein and in “History, Development and Reorganization — Our corporate development” in this prospectus above, there has been no other alternation in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

4. Written resolutions of our Shareholders passed on November 5, 2012

Pursuant to the written resolutions of the Shareholders of our Company passed on November 5, 2012, among other matters:

- (a) the Articles were adopted in substitution for and to the exclusion of the then existing articles of association of our Company with effect from the Listing Date;
- (b) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize the sum of HK\$8,000,000 (or any such amount any one Director may determine) and apply the same in paying up in full at par 800,000,000 Shares (or any such number of Shares any one Director may determine) for allotment and issue to the Shareholders whose names appeared on the register of members of our Company at the close of business on November 2, 2012 in proportion to their then existing shareholding in our Company and such Shares to be allotted and issued shall rank *pari passu* in all respects with existing issued shares.
- (c) conditional upon:—
 - (i) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering, the Capitalisation Issue and the Over-allotment Option;
 - (ii) the final Hong Kong dollar Offer Price having been fixed on the Price Determination Date; and
 - (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Global Coordinator (acting for itself and on behalf of the Underwriters)) and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:—
 - (A) the Global Offering and the Over-allotment Option as stated in and upon the terms set out in this prospectus were approved;
 - (B) the Listing was approved; and
 - (C) the Share Option Scheme, the principal terms of which are set out in “— E. Share Option Schemes — Share Option Scheme” in this Appendix below, were approved and adopted and our Directors or any committee established by our Board were authorized, at their sole discretion, to (aa) administer the Share Option Scheme; (bb) modify/amend the Share Option Scheme from time to time as required by the Stock Exchange; (cc) grant options to subscribe for Shares under the Share Option Scheme before up to the limits referred to in the Share Option Scheme; (dd) allot, issue and deal with the Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (ee) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under

the Share Option Scheme; and (ff) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme.

- (d) the Pre-IPO Share Option Scheme, the principal terms of which are set out in “— E. Share Option Schemes — Pre-IPO Share Option Scheme” in this Appendix below, were approved and adopted and our Directors or any committee established by our Board were authorized, at their sole discretion, to (i) administer the Pre-IPO Share Option Scheme; (ii) grant options to subscribe for Shares under the Pre-IPO Share Option Scheme before up to the limits referred to in the Pre-IPO Share Option Scheme; (iii) allot, issue and deal with the Shares pursuant to the exercise of any option which may be granted under the Pre-IPO Share Option Scheme; (iv) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme; and (v) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Pre-IPO Share Option Scheme;
- (e) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of a dividend on Shares in accordance with the Articles, or pursuant to the exercise of any options which have been granted under the Share Option Scheme or other arrangements regulated by Chapter 17 of the Listing Rules or any specific authority granted by the Shareholders in general meetings, Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal value of the issued share capital of our Company immediately following completion of the Global Offering and the Capitalization Issue, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next general meeting of our Company is required by the Articles or any applicable law of the Cayman Islands to be held, or the passing of an ordinary resolution of the Shareholders in a general meeting revoking, varying or renewing such mandate, whichever is the earliest;
- (f) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following completion of the Capitalization Issue and the Global Offering until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law of the Cayman Islands to be held, or the passing of an ordinary resolution of the Shareholders in a general meeting revoking, varying or renewing such mandate whichever is the earliest; and
- (g) the extension of the general mandate to allot, issue and deal with the Shares as mentioned in sub-paragraph (e) by the addition to the aggregate nominal value of the number of Shares of our Company which may be allotted and issued or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the number of Shares of our Company repurchased by our Company pursuant to sub-paragraph (f) above.

Immediately following the Global Offering becoming unconditional and the issue of Shares as mentioned herein being made, but without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option, any options that have been or may be granted pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme, the authorized share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares and the issue share capital will be HK\$13,333,340 divided into 1,333,334,000 Shares, all fully paid or credited as fully paid and 8,666,666,000 Shares will remain unissued.

5. Reorganization

In preparation for the listing of the Shares on the Stock Exchange, the companies comprising our Group underwent the Reorganization and our Company became the holding company of our Group. Our Reorganization involved the following major steps:

- (i) On May 29, 2012, our Company was incorporated with limited liability in the Cayman Islands with an authorized share capital of HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each. On the same day, one Share was allotted, issued and credited as fully paid to our Company's initial subscriber, and was subsequently transferred to Cui Fa.
- (ii) On June 21, 2012, Kang Wang acquired 550 shares in Green Wave and 500 shares in Happy Oasis from Mr. Chau, in consideration for which Cui Fa, Ample Favour, Victor Leap transferred 3,439 shares in Kang Wang, 372 shares in Kang Wang and 277 shares in Kang Wang respectively to Mr. Chau. The transfer of the shares in Kang Wang by Cui Fa, Ample Favour and Victor Leap to Mr. Chau took the form of a shareholder's contribution towards Kang Wang without any consideration directly or indirectly from Kang Wang, including but not limited to, any adjustment to its then existing shareholding in Kang Wang.
- (iii) On June 29, 2012, Cui Fa, Ample Favour, Victor Leap, Macca Investment and Mr. Chau subscribed for 157,818,399 Shares, 17,081,600 Shares, 12,691,200 Shares, 12,000,000 Shares and 408,800 Shares, respectively, at par for cash.
- (iv) On June 30, 2012 our Company acquired 787,372, 85,222, 63,318, 60,000 and 4,088 shares in Kang Wang, representing its entire issued share capital, respectively, from Cui Fa, Ample Favour, Victor Leap, Macca Investment and Mr. Chau for cash at par.
- (v) On June 30, 2012 our Company acquired 790,811, 85,594, 63,595 and 60,000 shares in Cui Xin, representing its entire issued share capital, respectively, from Cui Fa, Ample Favour, Victor Leap and Macca Investment for cash at par.
- (vi) Following the completion of the above steps, our Company was held as to approximately 78.91%, 8.54%, 6.35%, 6.00% and 0.20%, respectively, by Cui Fa, Ample Favour, Victor Leap, Macca Investment and Mr. Chau, and our Company became the holding company of the members of our Group.

See "History, Development and Reorganization — Our corporate development — Reorganization" in this prospectus for more details of the Reorganization arrangements undergone by our Group in preparation for the Listing.

6. Repurchase by our Company of its own securities

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by special approval of a particular transaction. Our Company's sole listing will be on the Stock Exchange.

Note: Pursuant to a resolution in writing passed by the Shareholders of our Company on November 5, 2012 a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors authorizing any repurchase by our Company of Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal value of our entire issued share capital immediately following the completion of the Global Offering at the Capitalization Issue, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or applicable laws of the Cayman Islands to be held, or when revoked or varied by ordinary resolution of the shareholders of our Company, whichever shall first occur.

Under the Listing Rules and the Hong Kong Companies Ordinance, the shares which are proposed to be purchased by a company must be fully paid up.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole to have general authority from the Shareholders of our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value and the assets of our Company and/or the earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and the Shareholders of our Company as a whole.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with our Memorandum and Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of our Group's current financial position as disclosed in this prospectus and taking into account our Group's current working capital position, our Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on our Group's working capital and/or the gearing position as compared with the position disclosed in this prospectus. 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 our Group's working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate to our Group.

(d) General

None of our Directors or, any of their associates currently intends to sell Shares to our Company or the subsidiaries of 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 and the applicable laws of the Cayman Islands.

No connected person has notified us that he has a present intention to sell Shares to our Company, or has undertaken to do so.

No purchase of Shares has been made by our Company since the date of our incorporation.

If as a result of a securities repurchase 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, the Shareholder or a group of the Shareholders of our Company acting in concert could obtain or consolidate our Company's control and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and the provision may apply as a result of any such increase. Our Directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

(e) Share capital

Exercise in full of the Repurchase Mandate, on the basis of 1,333,334,000 Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue but without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option or any options that have been or may be granted pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme, could accordingly result in up to 1,333,334,000 Shares being repurchased by our Company during the course of the period prior to the date on which such Repurchase Mandate expires or terminates as mentioned in "— A. Further information about our Company — 4. Written resolutions of our Shareholders passed on November 5, 2012" in this Appendix above.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) 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 Restructuring Agreement;
- (b) the Sale and Purchase Agreement;
- (c) the Deed of Non-Competition;
- (d) the Deed of Indemnity;
- (e) the cornerstone placing agreement dated November 7, 2012 entered into between our Company, the Sole Bookrunner, the Sole Sponsor, LT Growth Investment XV Limited and Capital Today China Growth Fund II, L.P. as described in "Cornerstone Placing" in this prospectus;
- (f) the cornerstone placing agreement dated November 9, 2012 entered into between our Company, the Sole Bookrunner, the Sole Sponsor and Prax Capital China Growth Fund III, L.P. as described in "Cornerstone Placing" in this prospectus;






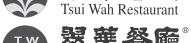
- (g) the Deed of Lock-Up Undertakings; and
- (h) Hong Kong Underwriting Agreement.

2. Our material intellectual property rights

As at the Latest Practicable Date, our Group had 14 registered trademarks in Hong Kong, the PRC, Macau, Europe, Japan, Singapore and Taiwan. Our registered trademarks all relate to our restaurant operations. Set out below is a summary of our material intellectual property rights. Our material intellectual property rights were determined by our Directors on the basis of their materiality to our business operation, financial position and prospects.

(a) Trademark






As at the Latest Practicable Date, we were the registered owner of the following trademarks which we believe are material to our business:

<u>Trademark</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Registration Number</u>	<u>Registration Date</u>	<u>Expiry Date</u>
 翠華集團® Tsui Wah Group	Hong Kong	43	300724671	September 19, 2006	September 18, 2016
 翠華集團® Tsui Wah Group	PRC	43	5648870	February 7, 2011	February 6, 2021
 翠華集團® Tsui Wah Group	Macau	43	N/024498	March 28, 2007	March 28, 2014
 翠華餐廳® Tsui Wah Restaurant	Hong Kong	42	200203292	March 26, 2002	January 16, 2018
 翠華餐廳® Tsui Wah Restaurant	PRC	43	3356883	August 21, 2004	August 20, 2014
 翠華餐廳® Tsui Wah Restaurant	Macau	42	N/016038	June 8, 2005	June 8, 2019

Our PRC legal advisers have advised that registered trademarks in the PRC are classified as goods marks and services marks by its different functions. Goods marks are mainly used to distinguish the types of goods, and services marks are mainly used to distinguish the types of services. According to the eighth edition of “International Classification of Goods and Services for the Purpose of the Registration of Marks”, classes 35 to 45 are classified as services marks.

At present, our No. 3356883 and No. 5648870 registered trademarks are registered in class 43 as services marks, which can be used exclusively by our Group in the operation of coffee shops, cafeterias, restaurants, hotels, lecheries, buffets, fast food restaurants, cocktail parties, liquidity catering and tea houses. Our PRC legal advisers have confirmed that our Group has complete ownership of the above two registered trademarks during their respective validity periods and the above two registered trademarks provide sufficient intellectual property rights protection to our Group’s present PRC businesses. Without the permission of our Group, no third party is allowed to use any mark that is the same as or similar to the above two registered trademarks for identical or similar services or carry out other activities which constitute an infringement of our Group’s exclusive right to use the registered trademarks as the registered owner.

As at the Latest Practicable Date, we have applied for the registration for the following trademarks which we believe are material to our business:

<u>Trademark</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Application Number</u>	<u>Application Date</u>
	Hong Kong	43	302263121	May 25, 2012
	PRC	30	11331216	August 10, 2012
 翠華餐廳 Tsui Wah Restaurant	PRC	30	11331215	August 10, 2012
	Hong Kong	30 and 43	302402991	October 11, 2012
翠華	PRC	43	10205337	November 18, 2011
翠華	PRC	43	10205312	November 18, 2011
	PRC	21	10205537	November 18, 2011

As at the Latest Practicable Date, all relevant marks with respect to our business operations in Hong Kong, Macau and the PRC had been duly registered or applied for registration.

(b) Domain names

As at the Latest Practicable Date, we were the registered owner of the following domain name which we believe is material to our business:

<u>Domain Name</u>	<u>Expiry Date (DD-MM-YYYY)</u>
<u>www.tsuiwah.com</u>	August 18, 2017

The contents of this website, registered or licensed, do not form part of this prospectus.

C. FURTHER INFORMATION ABOUT OUR SUBSIDIARIES IN THE PRC

Our Company has the following subsidiaries in the PRC, the basic information of which as at the Latest Practicable Date is set out below:

1. Shanghai Cai Hua

Nature:	wholly foreign-owned company
Date of incorporation:	April 27, 2009
Term of operation:	from April 27, 2009 to April 26, 2029
Total investment amount:	HK\$41.2 million
Registered capital:	HK\$20.6 million
Attributable interest of our Group:	100%
Principal scope of business:	operation of restaurants
Executive director:	Mr. Lee
Legal representative:	Mr. Chau

2. Shanghai Cui Sheng

Nature:	wholly foreign-owned company
Date of incorporation:	September 8, 2010
Term of operation:	From September 8, 2010 to September 7, 2030
Total investment amount:	HK\$6 million
Registered capital:	HK\$4.3 million
Attributable interest of our Group:	100%
Principal scope of business:	operation of restaurants
Executive director:	Mr. Lee
Legal representative:	Mr. Chau

3. Wuhan Cai Hua

Nature:	limited liability company
Date of incorporation:	April 25, 2012
Term of operation:	from April 25, 2012 to April 24, 2029
Total investment amount:	RMB2 million
Registered capital:	RMB2 million
Attributable interests of our Group:	100%
Principal scope of business:	operation of restaurants
Executive director:	Mr. Chau
Legal representative:	Mr. Chau

D. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF**1. Particulars of Directors' service agreements**

Each of our executive Directors has entered into a service agreement with our Company commencing from November 5, 2012 for a term of three years.

Each of our executive Directors is entitled to a director's fee and a basic salary. The basic annual remunerations according to their respective service agreements (excluding any discretionary bonus which may be paid) payable by our Group to the executive Directors are set out below. Our executive Directors are entitled to participate in our Group's social insurance and accident insurance.

Executive Director	HK\$
Mr. Lee	1,440,000
Mr. Ho	1,440,000
Mr. YT Cheung	1,440,000
Mr. WK Cheung	1,440,000
Mr. YP Cheung	1,440,000

Each of our independent non-executive Director has entered into a letter of appointment with our Company for a term of three years commencing from November 5, 2012. The basic annual remuneration payable by our Group to the independent non-executive Directors according to their respective letter of appointment are as follows:

Independent Non-executive Director	HK\$
Mr. Goh	180,000
Mr. Wong	180,000
Mr. Yim	180,000

All of our Directors are covered by the directors' and officers' liability insurance purchased by our Company.

2. Directors' remuneration

The aggregate remunerations paid to our Directors in respect of the financial year ended March 31, 2012 were HK\$4.2 million. The aggregate remunerations and benefits in kind which our Directors are entitled to receive for the financial year ending March 31, 2013 are estimated to be approximately HK\$7.5 million, excluding any discretionary bonuses which may be paid to our Directors.

3. Disclosure required under Rule 13.51(2) of the Listing Rules***Country Rank International Limited***

Mr. Lee and Mr. Ho were directors of Country Rank International Limited ("Country Rank"), a company incorporated in Hong Kong and wound-up by the High Court in Hong Kong in 1998 pursuant to section 177 of the Companies Ordinance as a result of a creditor's petition. While Mr. Ho was the single largest shareholder of Country Rank, holding two out of six shares in its then issued share capital, Mr. Lee had no interest in Country Rank. Mr. Lee and Mr. Ho were two out of the six directors within the board of directors of Country Rank. The creditor's petition was initiated on February 23, 1998 and Country Rank was wound-up on April 29, 1998. No demand for payment of any liabilities was received. Given that over 14 years have lapsed since the date of winding-up, we were advised by our Hong Kong legal advisers that none of Mr. Lee, Mr. Ho and Country Rank is subject to any legal liabilities in connection with its winding-up pursuant to section 4 of the Limitation Ordinance (Chapter 347 of the Laws of Hong Kong). Our Hong Kong legal advisers have confirmed that the winding-up order and creditor's petition against Country Rank did not and will not restrict Mr. Lee and Mr. Ho from acting as Directors of our Company.

Silver Success Asia Limited

Mr. Lock, our chief executive officer, is one of the defendants of an alleged claim initiated by Silver Success Asia Limited ("Silver Success") on February 2011. Based on publicly available legal documentation, the alleged claim is a commercial dispute over a share sale agreement dated March 1, 2010 entered into between Silver Success and the then shareholders of California Red Limited, of which Mr. Lock is one. The said dispute was a result of differences in the understanding of the adjustments made to the consideration of the transactions contemplated under the subject share sale agreement. According to the writ of summons dated February 28, 2011, the alleged claim amounted to about HK\$8.13 million in aggregate.

At an initial stage of serving writ of summons, the said dispute has not proceeded to a court trial and there is a possibility for the parties to reach a settlement. None of the parties to the said dispute, including Mr. Lock, has been found guilty of dishonesty, breach of duties, fraud, misrepresentation, or other wrongdoings whatsoever by the court. Given that Mr. Lock has entrusted his legal advisers to handle the subject dispute, our Directors are satisfied that Mr. Lock's involvement in the said dispute would not affect the time he could spend in managing our Group's affairs.

We have been advised by the legal advisers of Mr. Lock that the said dispute does not involve any claims in the nature of dishonesty, fraud or breach of fiduciary duties on the part of Mr. Lock. On the basis of this advice and that no judgment or order has been made against Mr. Lock, our Directors are of the view that the said dispute would not affect Mr. Lock's competence and suitability to act as a member of our senior management.

Mr. Lock has confirmed to our Company that, save as disclosed in this prospectus, there is no other information that would otherwise be required to be disclosed under Rule 13.51(2) of the Listing Rules as if Mr. Lock were appointed as a Director.

4. Interests of Directors and chief executive in our share capital

Immediately following completion of the Global Offering and the Capitalization Issue (but without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme), the interests and short positions of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which, once the Shares are listed on the Stock Exchange, 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 they have taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, will be as follows:

(i) Shares

<u>Name of Director</u>	<u>Nature of Interest</u>	<u>Number of Shares^(note 1)</u>	<u>Approximate percentage of shareholding</u>
Mr. Lee	Interests held jointly with another person; interest in a controlled corporation	937,956,000 (L)	70.35%
Mr. Ho.	Interests held jointly with another person; interest in a controlled corporation (2)	937,956,000 (L)	70.35%
Mr. YT Cheung	Interests held jointly with another person; interest in a controlled corporation (2)	937,956,000 (L)	70.35%
Mr. WK Cheung	Interests held jointly with another person; interest in a controlled corporation (2)	937,956,000 (L)	70.35%
Mr. YP Cheung	Interests held jointly with another person; interest in a controlled corporation (2)	937,956,000 (L)	70.35%

Note:

- (1) The letter "L" denotes long position of the directors in the Shares.
- (2) Our Company will be held as to approximately 59.18%, 6.41% and 4.76%, respectively, by Cui Fa, Ample Favour and Victor Leap immediately following the completion of the Global Offering and the Capitalization Issue (but without taking into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme). Cui Fa is held as to approximately 48.19%, 37.35% and 14.46% by Mr. Lee, Mr. Ho and Mr. YT Cheung, respectively. Ample Favour is wholly-owned by Mr. WK Cheung and Victor Leap is wholly-owned by Mr. YP Cheung. Pursuant to the Acting in Concert Confirmation, each of Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung and Mr. YP Cheung (the "Core Shareholders") have agreed to jointly control their respective interests in

our Company and decisions as to the business and operations of our Group shall be in accordance with the unanimous consent of all Core Shareholders. Each of the Core Shareholders shall exercise their respective voting rights in our Company in the same way. Hence, each of the Core Shareholders is deemed to be interested in all the Shares held by the Core Shareholders in aggregate by virtue of the SFO.

5. Substantial shareholders

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (but without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme), the following persons will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

<u>Name of Shareholder</u>	<u>Nature of interest</u>	<u>Number of securities held ⁽¹⁾</u>	<u>Approximate shareholding percentage in our Company (%)</u>
Mr. Lee (2)	Interests held jointly with another person; interest in a controlled corporation	937,956,000 (L)	70.35%
Ms. CHAN Choi Fung (4)	Interest of spouse	937,956,000 (L)	70.35%
Mr. Ho (2)	Interests held jointly with another person; interest in a controlled corporation	937,956,000 (L)	70.35%
Ms. TAI Ngan Har Talia (5)	Interest of spouse	937,956,000 (L)	70.35%
Cui Fa (3)	Beneficial owner	789,092,000 (L)	59.18%
Mr. YP Cheung (2)	Interests held jointly with another person	937,956,000 (L)	70.35%
Ms. LAM Hiu Man (6)	Interest of spouse	937,956,000 (L)	70.35%
Mr. YT Cheung (2)	Interests held jointly with another person; interest in a controlled corporation	937,956,000 (L)	70.35%
Ms. WONG Yung Kuen (7)	Interest of spouse	937,956,000 (L)	70.35%
Mr. WK Cheung (2)	Interests held jointly with another person; interest in a controlled corporation	937,956,000 (L)	70.35%
Ms. WOO Chun Li (8)	Interest of spouse	937,956,000 (L)	70.35%

Notes:

- (1) The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.
- (2) Our Company is held as to approximately 59.18%, 6.41% and 4.75%, respectively, by Cui Fa, Ample Favour and Victor Leap immediately following the completion of the Global Offering and the Capitalization Issue (but without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme). Cui Fa is held as to approximately 48.19%, 37.35% and 14.46% by Mr. Lee, Mr. Ho and Mr. YT Cheung, respectively. Ample Favour is wholly-owned by Mr. WK Cheung and Victor Leap is wholly-owned by Mr. YP Cheung. Pursuant to the Acting in Concert Confirmation, each of Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. YP Cheung, and Mr. WK Cheung (the “Core Shareholders”) have agreed to jointly control their respective interests in our Company and decisions as to the business and operations of our Group shall be in accordance with the unanimous consent of all Core Shareholders. Each of the Core Shareholders shall exercise their respective voting rights in our Company in the same way. Hence, each of the Core Shareholders is deemed to be interested in all the Shares held by the Core Shareholders in aggregate by virtue of the SFO.
- (3) Cui Fa is directly interested in approximately 59.18% in our Company (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme).
- (4) Ms. CHAN Choi Fung is the spouse of Mr. Lee. Under the SFO, Ms. CHAN Choi Fung is taken to be interested in the same number of Shares in which Mr. Lee is interested.
- (5) Ms. TAI Ngan Har Talia is the spouse of Mr. Ho. Under the SFO, Ms. TAI Ngan Har Talia is taken to be interested in the same number of Shares in which Mr. Ho is interested.
- (6) Ms. LAM Hiu Man is the spouse of Mr. YP Cheung. Under the SFO, Ms. LAM Hiu Man is taken to be interested in the same number of Shares in which Mr. YP Cheung is interested.
- (7) Ms. WONG Yung Kuen is the spouse of Mr. YT Cheung. Under the SFO, Ms. WONG Yung Kuen is taken to be interested in the same number of Shares in which Mr. YT Cheung is interested.
- (8) Ms. WOO Chun Li is the spouse of Mr. WK Cheung. Under the SFO, Ms. WOO Chun Li is taken to be interested in the same number of Shares in which Mr. WK Cheung is interested.

6. Disclaimers

Except as disclosed in this prospectus:

- (a) none of our Directors or any of the experts referred to in “G. Other information — 8. Consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have been within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be so acquired, disposed of or leased;
- (b) none of our Directors or any of the experts referred to in “G. Other information — 8. Consents of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date to this prospectus which is significant in relation to our business;
- (c) none of the experts referred to in “G. Other information — 8. Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group, save in connection with the Underwriting Agreements, nor is in the employment of an officer of our Company; and
- (d) none of our Directors, any of their associates (as defined in the Listing Rules) or any Shareholder of our Company (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) has any interest in any of our Group’s five largest suppliers or five largest customers.

E. SHARE OPTION SCHEMES

Share Option Scheme

Application has been made to the Listing Committee for the listing of and permission to deal in 133,334,000 Shares, representing 10% of our Company's issued share capital as at the Listing Date (without taking into account the Shares which may be issued or allotted upon any exercise of the Over-allotment Option and any option which have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme), which may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme. As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

The following is a summary of the principal terms of the Share Option Scheme adopted pursuant to the written resolutions of all the Shareholders our Company passed on November 5, 2012 and adopted by a Board meeting on November 5, 2012. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules:

1. *Purpose of the Share Option Scheme*

- (a) The Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions that Eligible Participants (as defined below) had made or may make to our Group.
- (b) The Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in our Company with the view to achieving the following principal objectives:
 - (i) motivate the Eligible Participants to optimize their performance and efficiency for the benefit of our Group; and
 - (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are, will or expected to be beneficial to our Group.
- (c) For the purpose of the Share Option Scheme, "Eligible Participant" means any person who satisfies the eligibility criteria in paragraph 2 below.

2. *Who may join and basis for determining eligibility*

- (a) Our Board may at its discretion grant options to: (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or a company in which our Group holds an interest or a subsidiary of such company ("Affiliate"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to our Group or an Affiliate.
- (b) In order for a person to satisfy our Board that he/she/it is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his/her/its eligibility (or continuing eligibility).

- (c) Each grant of options to a connected person (as defined in the Listing Rules) of our Company, or any of his associates (as defined in the Listing Rules), must be approved in accordance with the requirements of the Listing Rules.
- (d) Should our Board resolve that a grantee fails/has failed or otherwise is/has been unable to meet the continuing eligibility criteria under the Share Option Scheme, our Company would (subject to any relevant laws and regulations) be entitled to deem any outstanding option or part thereof, granted to such grantee and to the extent not already exercised, as lapsed, subject to the requirements in paragraph 9 below.

3. Grant of options

- (a) On and subject to the terms of the Share Option Scheme, our Board shall be entitled at any time on a business day within ten years commencing on the effective date of the Share Option Scheme to offer the grant of an option to any Eligible Participant as our Board may in its absolute discretion select in accordance with the eligibility criteria set out in the Share Option Scheme. An offer shall be accepted when we receive the duly signed offer letter together with a non-refundable payment of HK\$10 (or such other sum in any currency as our Board may determine).
- (b) Subject to the provisions of the Share Option Scheme, the Listing Rules and any relevant laws and regulations, our Board may, on a case by case basis and at its discretion when offering the grant of an option, impose any conditions, restrictions or limitations in relation thereto additional to those expressly set forth in the Share Option Scheme as it may think fit (which shall be stated in the letter containing the offer of the grant of the option) including (without prejudice to the generality of the foregoing):
 - (i) the continuing eligibility of the grantee under the Share Option Scheme, and in particular, where our Board resolves that the grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria, the option (to the extent it has not already been exercised) shall lapse, subject to the requirements in paragraph 9 below;
 - (ii) the continuing compliance of any such terms and conditions that may be attached to the grant of the option, failing which the option (to the extent that it has not already been exercised) shall lapse unless otherwise resolved to the contrary by our Board, subject to the requirements in paragraph 9 below;
 - (iii) in the event that the Eligible Participant is a corporation, that any change of the management and/or shareholding of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under the Share Option Scheme;
 - (iv) in the event that the Eligible Participant is a trust, that any change of the beneficiary of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under the Share Option Scheme;
 - (v) in the event that the Eligible Participant is a discretionary trust, that any change of the discretionary objects of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under the Share Option Scheme;
 - (vi) conditions, restrictions or limitations relating to the achievement of operating or financial targets; and

- (vii) if applicable, the satisfactory performance of certain obligations by the grantee.
- (c) Our Board shall not offer the grant of an option to any Eligible Participant:
 - (i) after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the relevant requirements of the Listing Rules; or
 - (ii) within the period commencing one month immediately preceding the earlier of:
 - (1) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (2) deadline for our Company to publish an announcement of its result for any year, half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.
- (d) Any grant of options to a connected person must be approved by all of our Company's independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee).

4. Exercise Price

The exercise price for any Share under the Share Option Scheme shall be a price determined by our Board and notified to each grantee and shall be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day, (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option and (iii) the nominal value of a Share on the date of grant. The exercise price shall also be subject to any adjustments made in a situation contemplated under paragraph 10 below.

5. Maximum number of Shares

- (a) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not, in aggregate, exceed 30% of the issued share capital of our Company from time to time. No options may be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the said 30% limit being exceeded.
- (b) The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes involving the issue or grant of options or similar rights over Shares or other securities by our Company shall not, in aggregate, exceed 10% of the issued share capital of our Company as at the Listing Date (without taking into account the Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option and the options which may be

or have been granted under the Pre-IPO Share Option Scheme and the Share Option Scheme) (the "Scheme Mandate Limit") unless Shareholders' approval has been obtained pursuant to sub-paragraph (d) below.

- (c) The Scheme Mandate Limit may be renewed by the Shareholders of our Company in general meeting from time to time provided always that the Scheme Mandate Limit so renewed must not exceed 10% of the issued share capital of our Company as at the date of the approval of such renewal by the shareholders of our Company in general meeting. Upon such renewal, all options granted under the Share Option Scheme and any other share options schemes of our Company (including those exercised, outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share options of our Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Scheme Mandate Limit. A circular must be sent to the Shareholders of our Company containing such relevant information from time to time as required by the Listing Rules.
- (d) Our Board may seek separate Shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by our Company before such approval is sought and our Company must issue a circular to the Shareholders of our Company containing such relevant information from time to time as required by the Listing Rules in relation to any such proposed grant to such Eligible Participants.
- (e) No option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in the twelve-month period up to and including the date of such new grant exceeding 1% in aggregate of the issued share capital of our Company as at the date of such grant. Any grant of further share options above this limit shall be subject to certain requirements provided under the Listing Rules.
- (f) The maximum number of Shares referred to in sub-paragraph (a) shall be adjusted, in such manner as our Company's auditors or our Company's independent financial adviser shall confirm in writing that the adjustments satisfy the requirements set forth in paragraph 10.

6. Time of exercise of option

- (a) Subject to certain restrictions contained in the Share Option Scheme, an option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option.
- (b) There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. However, at the time of granting any option, our Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as our Board may determine in its absolute discretion.

7. Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option.

8. Rights on ceasing to be an Eligible Participant

Should our Board resolve that a grantee fails/has failed or otherwise is/has been unable to meet the continuing eligibility criteria under the Share Option Scheme, our Company would (subject to any relevant laws and regulations) be entitled to deem any outstanding option or part thereof, granted to such grantee and to the extent not already exercised, as lapsed, subject to the requirements of paragraph 9 below.

9. Rights on death/ceasing employment

- (a) If the grantee (being an individual) dies before exercising the option in full, his or her legal personal representative(s) may exercise the option up to the grantee's entitlement (to the extent exercisable as at the date of his death and not exercised) within a period of twelve months following his death or such longer period as our Board may determine.
- (b) Subject to sub-paragraphs (c) and (d), if the grantee who is an employee ceases to be an employee for any reason other than his death, disability or the termination of his employment on one or more of the following grounds that:
 - (i) there is unsatisfied judgment, order or award outstanding against the grantee or our Company has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his debts;
 - (ii) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraph (i) above;
 - (iii) a bankruptcy order has been made against the grantee in any jurisdiction; or
 - (iv) a petition for bankruptcy has been presented against the grantee in any jurisdiction;

the grantee may exercise the option (to the extent exercisable as at the date of the relevant event and not exercised) within 30 days following the date of such cessation.

- (c) If the grantee is an employee, director, consultant, professional, agent, partner, advisor of or contractor to our Group or its Affiliate at the time of the grant of the relevant option(s) and his employment or service to our Company is terminated on the ground of disability, the grantee may exercise the option (to the extent exercisable as at the date on which such grantee ceases to be an employee, director, consultant, professional, agent, partner, advisor of or contractor to our Group or its Affiliate and not exercised) within six months following such cessation or such longer period as our Board may determine.
- (d) If the grantee is an employee at the time of the grant of the relevant option(s), in the event that such grantee shall cease to be an employee but becomes, or continues to be, a consultant, professional, customer, supplier, agent, partner or adviser of or

contractor to our Group or an Affiliate, then the option (to the extent exercisable as at the date on which such grantee ceases to be an employee and not exercised) shall be exercised within three months following the date of such cessation or such longer period as our Board may determine.

- (e) If the grantee is an employee at the time of the grant of the relevant option(s), in the event that such grantee shall cease to be an employee but becomes, or continues to be, a director of our Group or an Affiliate, then the option(s) (to the extent exercisable as at the date on which such grantee ceases to be an employee and not exercised) granted prior to the date of his becoming a director of our Group or its Affiliate shall remain exercisable until its expiry in accordance with the provisions of the Share Option Scheme and the terms and conditions upon which such option(s) is granted unless our Board shall determine to the contrary.
- (f) If the grantee, who is a director, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or an Affiliate but not an employee, ceasing to be a director, consultant, customer, supplier, agent, partner or adviser of or contractor to our Group or an Affiliate (as the case may be) for any reason other than his death (in the case of a grantee being an individual) or disability (in the case of a grantee being a director or consultant of our Group or its Affiliate), the option (to the extent exercisable as at the date of such cessation and not exercised) shall be exercised within 30 days following the date of such cessation or such longer period as the Board may determine.

10. *Effects of alterations to capital*

In the event of any alteration in our capital structure while an option remains exercisable, and such event arises from, including a capitalization of our Company profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of the share capital of our Company, such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the options so far as unexercised; and/or the exercise price; and/or the method of exercise of the options; and/or the maximum number of Shares subject to the Share Option Scheme. Any adjustments required under this paragraph must give a grantee the same proportion of the equity capital as that to which that grantee was previously entitled, but no such adjustments may be made to the extent that Shares would be issued at less than their nominal value or (unless with the prior approval from our shareholders in general meeting) to the extent that such adjustments are made to the advantage of the grantee. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalization issue, independent financial adviser appointed by our Company or our Company's auditors must confirm to our Directors in writing that the adjustments satisfy the requirements set out in this paragraph.

11. *Rights on a Takeover*

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional (within the meaning of the Takeovers Code), the grantee shall be entitled to exercise the option (to the extent exercisable as at the date on which the general offer becomes or is declared unconditional and not exercised) in full or in part at any time within one month after the date on which the offer becomes or is declared unconditional (within the meaning of the Takeovers Code).

12. Rights on a Scheme of Arrangement

In the event of a compromise or arrangement between us and our members or creditors being proposed in connection with a scheme for reconstruction or amalgamation of our Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), we shall give notice thereof to all grantees on the same date as it gives notice of the meeting to our members or creditors to consider such a scheme of arrangement, and thereupon the grantee may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two business days (excluding any period(s) of closure of our share registers) prior to the proposed meeting) exercise the option (to the extent exercisable as at the date of the notice to the grantee and not exercised) either in full or in part and we shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and registered the grantee as holder thereof.

13. Rights on a Voluntary Winding up

In the event notice is given by us to our Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up us, we shall forthwith give notice thereof to the grantee and the grantee may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two business days (excluding any period(s) of closure of our share registers) prior to the proposed meeting) exercise the option (to the extent exercisable as at the date of the notice to the grantee and not exercised) either in full or in part and we shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our share registers) immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

14. Rights attaching to Shares upon exercise of an option

Shares allotted upon the exercise of an option shall rank *pari passu* in all respects with the existing fully paid Shares in issue at the date of allotment.

15. Lapse of options

An option (to the extent such option has not already been exercised) shall lapse and not be exercisable on the earliest of:

- (a) the expiry of the exercise period;
- (b) the expiry of the periods referred to in paragraph 9;
- (c) the date of commencement of our Company's winding-up in respect of the situation contemplated in paragraph 13;
- (d) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph 12;

- (e) the date of which the grantee who is an employee ceases to be an employee by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty;
- (f) the happening of any of the following events, unless otherwise waived by our Board:
 - (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the grantee (being a corporation);
 - (ii) the grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within a meaning of section 178 of the Companies Ordinance or any similar provisions under the Cayman Islands Company Law) or otherwise become insolvent;
 - (iii) there is unsatisfied judgment, order or award outstanding against the grantee or our Company has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts;
 - (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraphs (i), (ii) and (iii) above;
 - (v) a bankruptcy order has been made against the grantee or any director of the grantee (being a corporation) in any jurisdiction; or
 - (vi) a petition for bankruptcy has been presented against the grantee or any director of the grantee (being a corporation) in any jurisdiction;
- (g) the date on which a situation as contemplated under paragraph 7 arises;
- (h) the date on which the grantee commits a breach of any terms or conditions attached to the grant of the option, unless otherwise resolved to the contrary by our Board; or
- (i) the date on which our Board resolves that the grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to paragraph 8.

16. Cancellation of options granted

Our Board shall have the absolute discretion to cancel any options granted at any time if the grantee so agreed provided that where an option is cancelled and a new option is proposed to be issued to the same grantee, the issue of such new option may only be made with available but unissued Shares in the authorized share capital of our Company, and available ungranted options (excluding for this purpose all the cancelled options) within the limits referred to in paragraph 5.

17. Period of the Share Option Scheme

Options may be granted to Eligible Participants under the Share Option Scheme during the period of ten years commencing on the effective date of the Share Option Scheme.

18. Alteration to Share Option Scheme and Termination

- (a) The Share Option Scheme may be altered in any respect by resolution of our Board except those specific provisions relating to matters in Rule 17.03 of the Listing Rules (or any other relevant provisions of the Listing Rules from time to time applicable) be altered to the advantage of grantees or prospective grantees except with the prior approval of the Shareholders of our Company in general meeting.
- (b) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature must be approved by the Shareholders of our Company in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.
- (c) We by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event, no further options will be offered but the provisions of the Share Option Scheme shall remain in force in all other respects.

19. Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to the passing of the necessary resolution to adopt the Share Option Scheme by our Shareholders in a special general meeting of our Company and is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares to be issued and allotted by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme.

20. Administration of the Share Option Scheme

The Share Option Scheme shall be subject to the administration of our Board or any committee established by our Board from time to time, whose decision (save as otherwise provided in the Share Option Scheme) shall be final and binding on all parties.

Pre-IPO Share Option Scheme

Pursuant to the written resolutions of the shareholders of our Company passed on November 5, 2012, the rules of the Pre-IPO Share Option Scheme were approved and adopted.

Purpose and terms

The purpose of the Pre-IPO Share Option Scheme is to recognize the contribution of certain executives, employees and directors of our Group who are in full-time employment of our Group to the growth of our Group and/or to the Listing of the Shares on the Stock Exchange by granting options to them as incentive or reward. The principal terms of the Pre-IPO Share Option Scheme, approved and adopted pursuant to the written resolutions of the Shareholders of our Company passed on November 5, 2012, are substantially the same as the terms of the Share Option Scheme except that:

- (a) the total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 100,000,200 Shares, representing approximately 7.5% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering and the Capitalization Issue (without

taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme);

- (b) save for the options which have been granted on or before November 7, 2012, no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date;
- (c) the option(s) granted to Mr. Lee under the Pre-IPO Share Option shall become exercisable in accordance with the time and subject to the meeting of the annual growth target of consolidated PRC profit after tax, i.e. the aggregate profit after tax of either (a) our Group's subsidiaries established in the PRC which are engaged in the business of operating restaurants in the PRC; or (b) or the consolidated profit after tax of the holding company of all our Group's subsidiaries established in the PRC which are engaged in the business of operating restaurants in the PRC, in each case as audited by the auditor(s) of our Company's subsidiaries established in the PRC (the "PRC Profit") as described below:

- (i) on the first anniversary date of the Listing Date, only if:

$((\text{PRC Profit for the year ending 31 March 2013}/\text{PRC Profit for the year ended 31 March 2012})-1)\times 100\% \geq 50\%$,

then option(s) in respect of 33% of the total number of Shares to be issued pursuant to the exercise of the options granted to Mr. Lee under the Pre-IPO Share Option Scheme shall become exercisable;

- (ii) on the second anniversary date of the Listing Date, only if:

$((\text{PRC Profit for the year ending 31 March 2014}/\text{PRC Profit for the year ending 31 March 2013})-1)\times 100\% \geq 30\%$,

then option(s) in respect of 33% of the total number of Shares to be issued pursuant to the exercise of the options granted to Mr. Lee under the Pre-IPO Share Option Scheme shall become exercisable;

- (iii) on the third anniversary date of the Listing Date, only if:

$((\text{PRC Profit for the year ending 31 March 2015}/\text{PRC Profit for the year ending 31 March 2014})-1)\times 100\% \geq 20\%$,

then option(s) in respect of 34% of the total number of Shares to be issued pursuant to the exercise of the options granted to Mr. Lee under the Pre-IPO Share Option Scheme shall become exercisable.

All the options granted to Mr. Lee under the Pre-IPO Share Option Scheme that (i) does not become exercisable as a result of the relevant growth rate of the PRC Profit falling short of the indicated percentage for any given year or (ii) are not exercised by him within five years after the Listing, shall lapse and be deemed as cancelled and void. The options granted to Mr. Lee under the Pre-IPO Share Option Scheme are only exercisable if the total subscription money for an exercise reaches a prescribed benchmark of HK\$2,500,000;

- (d) the option(s) granted to Mr. Lock and one other Grantee under the Pre-IPO Share Option shall become exercisable in accordance with the time as indicated below:
- (i) on the first anniversary date of the Listing Date, option(s) in respect of 33% of the total number of Shares to be issued pursuant to the exercise of the options granted to Mr. Lock and one other Grantee under the Pre-IPO Share Option Scheme shall become exercisable;
 - (ii) on the second anniversary date of the Listing Date, option(s) in respect of 34% of the total number of Shares to be issued pursuant to the exercise of the options granted to Mr. Lock and one other Grantee under the Pre-IPO Share Option Scheme shall become exercisable;
 - (iii) on the third anniversary date of the Listing Date, option(s) in respect of 33% of the total number of Shares to be issued pursuant to the exercise of the options granted to Mr. Lock and one other Grantee under the Pre-IPO Share Option Scheme shall become exercisable.

All the options granted to Mr. Lock and one other Grantee under the Pre-IPO Share Option Scheme that are not exercised by them prior to the fourth anniversary date of the Listing Date shall lapse and be deemed as cancelled and void. Options granted to Mr. Lock and one other Grantee under the Pre-IPO Share Option Scheme are only exercisable if the total subscription money for an exercise reaches a prescribed benchmark of HK\$2,500,000.

- (e) the option(s) granted to the Grantees other than those mentioned in paragraphs (c) and (d) above under the Pre-IPO Share Option Scheme shall become exercisable in accordance with the time as indicated below:
- (i) on the first anniversary date of the Listing Date, option(s) in respect of 50% of the total number of Shares to be issued pursuant to the exercise of the options granted to the Grantees other than those mentioned in paragraphs (c) and (d) above under the Pre-IPO Share Option Scheme shall become exercisable;
 - (ii) on the second anniversary date of the Listing Date, option(s) in respect of 50% of the total number of Shares to be issued pursuant to the exercise of the options granted to the Grantees other than those mentioned in paragraphs (c) and (d) above under the Pre-IPO Share Option Scheme shall become exercisable.

All the options granted to the Grantees other than those mentioned in paragraphs (c) and (d) above under the Pre-IPO Share Option Scheme that are not exercised by them prior to the third anniversary date of the Listing Date shall lapse and be deemed as cancelled and void;

- (f) the exercise price for any Share under the Pre-IPO Share Option Scheme shall be the Offer Price;
- (g) our Board may at its discretion grant option(s) under the Pre-IPO Share Option Scheme to:
- (i) any executive, non-executive or independent non-executive director of any member of the Group or an entity in which the Group holds an interest (“Affiliate”);

- (ii) any Employee of any member of the Group;
 - (iii) any customer, supplier, agent, partner, consultant, adviser or shareholder of or contractor to any member of the Group or an Affiliate;
 - (iv) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, customer, supplier, agent, partner, consultant, adviser or shareholder of or contractor to any member of the Group or an Affiliate; or
 - (v) a company beneficially owned by any director, employee, consultant, customer, supplier, agent, partner, shareholder, adviser of or contractor to any member of the Group or an Affiliate; and
- (h) each of the Grantees is required to pay HK\$1.00 on acceptance of the options granted under the Pre-IPO Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of and permission to deal in, 100,000,200 Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

Outstanding options under the Pre-IPO Share Option Scheme

As at the date of this prospectus, options to subscribe for an aggregate of 100,000,200 Shares (representing approximately 7.5% of the enlarged issued share capital of our Company immediately after completion of the Global Offering, without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme) have been granted under the Pre-IPO Share Option Scheme. All the options under the Pre-IPO Share Option Scheme were granted on or before November 7, 2012 and no further options will be granted under the Pre-IPO Share Option Scheme prior to the Listing Date.

Particulars of the outstanding options conditionally granted under the Pre-IPO Share Option Scheme are set out below:

	<u>Grantee and position</u>	<u>Residential address</u>	<u>Number of underlying Shares to be issued upon full exercise of the Pre-IPO Share options</u>	<u>Percentage of issued share capital of our Company immediately following the completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme)</u>
1.	Mr. Lee (Executive Director and Chairman of the Board)	Flat A, 10/F, Right Mansion, 29 Robinson Road, Mid-Levels, Hong Kong	40,000,080	3.00%
2.	Mr. Lock (Chief executive officer)	8A, No. 50A, Tai Hang Road, Jardine's Lookout, Hong Kong	26,666,720	2.00%
3.	Ms. LI Tsau Ha (李楸夏) (General manager)	Flat RD, 28/F, Tower 5, Water Lilies, Le Prestige, Tseung Kwan O, New Territories	274,616	0.02%
4.	Mr. YANG Dong John (楊東) (Chief financial officer and company secretary)	Flat G, 35/F, BLK 2, Banyan Garden, Lai Chi Kok, Hong Kong	137,308	0.01%
5.	Mr. LAW Cho Yan (羅祖恩) (Chief operation officer)	Flat D, 33/F, Tower 5, 33 Tsing King Road, Phase 1, Tierra Verde, Tsing Yi, New Territories	274,616	0.02%
6.	Mr. CHAN Hoi Tung (陳海東) (Manager)	Flat E, 9/F, BLK 1, Vantage Park 22 Conduit Road Hong Kong	13,333,360	1.00%
7.	Other Grantees (187 employees of our Group)	N/A	19,313,500	1.45%
	Total		100,000,200	7.5%

The shareholding of the Shareholders of our Company and the earnings per Share immediately following the completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised, would be diluted by approximately 7%.

Save as disclosed in the above paragraphs, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme or the Share Option Scheme as at the date of the prospectus.

Save as disclosed in the above paragraphs, no other options have been granted or agreed to be granted by our Company under the Share Option Scheme as at the date of the prospectus.

G. OTHER INFORMATION

1. Estate duty

We have been advised that no material liability for estate duty is likely to fall on us or any of our subsidiaries in the PRC and that the Cayman Islands currently have no estate duty, inheritance tax or gift tax.

2. Indemnities given by the Controlling Shareholders

Under the Deed of Indemnity, Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. WK Cheung, Mr. YP Cheung, Cui Fa, Ample Favour and Victor Leap, each being a Controlling Shareholder (together the “Indemnifiers”) have jointly and severally undertaken to and covenanted with our Company that they will indemnify and at all times keep our Group fully indemnified against any actions, claims, losses, liabilities, damages, costs, charges or expenses which may be made, suffered or incurred by any of them in respect of or arising directly or indirectly from any claims which are covered by the indemnities in relation to taxation, estate duty and claims (as set out below) including, but not limited to, all reasonable costs (including legal costs), charges, expenses, penalties and other liabilities which our Group may reasonably and properly incur in connection with:

- (a) the investigation, assessment or the contesting of any claim;
- (b) the settlement of any claim;
- (c) any legal proceedings in which our Group claims under or in respect of the Deed of Indemnity and in which judgment is given in favour of our Group;
- (d) the enforcement of any such settlement or judgment in respect of any claim;
- (e) building orders issued by the Building Authority and/or Buildings Department served on any member of our Group, in relation to any building structure(s) and/or equipment(s) erected by any of our member Group prior to the date on which conditions set out in “Structure and Conditions of Global Offering — Conditions of the Global Offering” in this prospectus are fulfilled, on the relevant premises where any of our Group’s restaurants was/is located at; or
- (f) building orders and/or notices issued by the Building Authority and/or Buildings Department to any third parties, including the relevant landlord(s) of any of the premises at which any of our Group’s restaurants was/is located, to the extent that the concerned building structure(s) and/or equipment(s) was erected by any member of our Group companies, prior to the date on which conditions set out in “Structure and

Conditions of Global Offering — Conditions of the Global Offering” in this prospectus are fulfilled and/or to the extent the operations of the Group or any of the Group companies are affected due to such orders and/or notices.

In addition, pursuant to the Deed of Indemnity, the Indemnifiers also agree and undertake, jointly and severally, with our Company, subject to the terms of the Deed, to indemnify our Company and our Group (on its own behalf and as trustee for our Group) and at all times keep the same fully indemnified on demand against all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses, penalties and fines falling on our Company or our Group directly or indirectly resulting from, or relating to or in consequence of:

- (a) the Reorganization;
- (b) any unlawful use of the real properties leased by any company of our Group and/or non-compliance by the relevant company of our Group of any relevant land, construction or user regulations applicable to the properties leased by the relevant company of our Group prior to the date on which conditions set out in “Structure and Conditions of Global Offering — Conditions of the Global Offering” in this prospectus are fulfilled, including those in connection with the orders issued by the Buildings Department under section 24 of the Buildings Ordinance against any company of our Group;
- (c) any rectifying works carried out by any of our landlord of the premises or third party on which the relevant building order/notice was served where our restaurants are located to remove any unauthorized building work (as defined under section 14 of the Buildings Ordinance) which has been erected by any member of our Group prior to the date on which conditions set out in “Structure and Conditions of Global Offering — Conditions of the Global Offering” in this prospectus are fulfilled;
- (d) any possible or alleged violation or non-compliance by our Group Companies with any Hong Kong or PRC laws or regulations (including but not limited to the Food Business Regulation (Chapter 132X of the Laws of Hong Kong), the Buildings Ordinance and the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)) prior to the date on which conditions set out in “Structure and Conditions of Global Offering — Conditions of the Global Offering” in this prospectus are fulfilled, including in relation to (i) non-compliance with the Companies Ordinance; (ii) the requirement to obtain all relevant licenses, approvals, permit and certificates for conducting its business; (iii) the PRC laws and regulations in relation to the participation of social welfare scheme (including housing provident fund); and (iv) the PRC laws and regulations to the loans and advances provided by third parties to our Group or provided by our Group to certain related companies prior to the date on which conditions set out in “Structure and Conditions of Global Offering — Conditions of the Global Offering” in this prospectus are fulfilled; and
- (e) claims by any person alleging to be so interested with or without being registered in the register of members our Group prior to the date on which conditions set out in “Structure and Conditions of Global Offering — Conditions of the Global Offering” in this prospectus are fulfilled.

3. Litigation

Save as disclosed in “Business — Legal proceedings” in this prospectus, neither our Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance is known by our Directors to be pending or threatened by or against any member of our Group.

4. Promoters

Our Company has no promoter as the term is defined under the Listing Rules.

5. Application for listing

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and any Shares which may fall to be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme and which may be granted under the Share Option Scheme.

6. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$40,000, and are payable by our Company.

7. Qualifications of experts

The following are the qualifications of the experts which have given their opinions or advice which are contained, or referred to, in this prospectus:

Expert	Qualification
Deutsche Securities Asia Limited . . .	Licensed under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) of regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants
Frost & Sullivan	Independent professional market research firm
Deacons	Qualified Hong Kong lawyers
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
Commerce & Finance Law Offices . .	Qualified PRC lawyers
Rato, Ling, Vong, Lei & Cortés — Advogados	Qualified Macau lawyers

8. Consents of experts

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this prospectus with inclusion of its report and/or letter and/or the references to its name in the form and context in which they are respectively included.

As at the Latest Practicable Date, none of the experts referred to above have any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

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 the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

10. Miscellaneous

Except as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid for either cash or a consideration other than cash;
- (b) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
- (d) since June 30, 2012 (being the date to which the latest audited consolidated financial statements of our Group were made up) there has not been any material adverse effect in the financial or trading position of our Group;
- (e) no founder, management or deferred shares or debentures of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (f) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement;
- (g) no company within our Group is presently listed on any stock exchange or traded or any trading system;
- (h) there is no arrangement under which future dividends are waived or agreed to be waived;
- (i) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve (12) months immediately preceding the date of this prospectus; and

- (j) subject to the provisions of the Cayman Islands Company Law, the register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the Application Forms, the written consents referred to in “G. Other information — 8. Consents of experts” in Appendix IV to this prospectus and copies of the material contracts referred to in “B. Further information about the business — 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Deacons at 5th Floor, Alexandra House, 18 Chater Road, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (1) the Memorandum of Association and the Articles of Associations;
- (2) the Accountants’ Report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (3) the letter issued by Ernst & Young relating to our unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (4) the audited financial statements of our Group for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012;
- (5) a copy of the letter of advice prepared by Conyers Dill & Pearman (Cayman) Limited summarizing certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;
- (6) the PRC legal opinions issued by Commerce & Finance Law Offices in respect of our general matters and property interests and taxation matters of the Group;
- (7) the rules of the Pre-IPO Share Option Scheme;
- (8) the rules of the Share Option Scheme;
- (9) the material contracts referred to in “B. Further information about the business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (10) the service agreements and the letters of appointment referred to in “D. Further information about Directors, management and staff — 1. Particulars of Directors’ service agreements” in Appendix IV to this prospectus;
- (11) the written consents referred to in “G. Other information — 8. Consents of experts” in Appendix IV to this prospectus;
- (12) the Cayman Islands Company Law; and
- (13) the list of all the grantees who have been conditionally granted options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all details as required under the Listing Rules and Companies Ordinance.

