



HRC WORLD PLC

COMPANY DESCRIPTION

IN RELATION TO THE ADMISSION TO
TRADING OF THE COMPANY'S SHARES ON
NASDAQ FIRST NORTH, DENMARK

AND THE PLACING OF 1,500,000 ORDINARY SHARES AT
A PRICE OF €1.00 PER SHARE
1 FEBRUARY 2018

Nasdaq First North is an alternative marketplace operated by an exchange within the Nasdaq group. Companies on Nasdaq First North are not subject to the same rules as companies on the regulated main market. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a Company on Nasdaq First North may therefore be higher than investing in a company on the main market. All Companies with shares traded on Nasdaq First North have a Certified Adviser who monitors that the rules are followed. The Exchange approves the application for admission to trading.

Certified Adviser



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1. IMPORTANT INFORMATION

1.1 THE COMPANY

HRC WORLD PLC

Registered in England & Wales with registration number 10829936

The registered office of the Company is at Suite A, 6 Honduras St, London EC1Y 0TH

Website: www.hrcplc.co.uk

1.2 REASONS FOR APPLICATION FOR ADMISSION TO NASDAQ FIRST NORTH

The Directors believe that Admission will facilitate the acquisition of Hard Rock Capital Limited and concluded that in order to secure the funds necessary to take forward its business plan, it should obtain a public quote on an internationally respected market before commencing any further material fund raising activity.

1.3 SUMMARY OF THE ACQUISITION

The Company has, immediately prior to Admission, acquired Hard Rock Capital Limited and its subsidiaries through a share for share exchange transaction under which the Company acquired shares in Hard Rock Capital Limited in exchange for the issue of 142,790,000 new Ordinary Shares in the Company. As at the date of Admission, the Company holds 100 per cent of the issued share capital of Hard Rock Capital Limited.

1.4 THE PLACING

The Company has entered into an agreement with Optiva Securities Limited under which Optiva has agreed (conditional on Admission taking place) as agent for the Company to procure subscribers for the 1,500,000 Placing Shares at €1.00 per share.

Optiva is an FCA regulated institution in London and the Placing has been made to clients of the firm.

Subject to the Placing becoming unconditional the Company has agreed to pay Optiva commissions aggregating 3% of the value at the Placing Price of the Placing Shares.

The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing including all fees and expenses payable in connection with Admission.

1.5 IMPORTANT DATES

Expected first day of trading on Nasdaq First North: 6 February 2018

Annual report published – period to 31 March 2018 on 19 June 2018

Annual General Meeting on 15 September 2018

Interim results published – six months to 31 December 2017 on 23 February 2018

Interim results published – six month to 30 September 2018 on 27 November 2018

1.6 SHARE INFORMATION

Nasdaq First North Ticker	HRC
ISIN	GB00BZ3CDY20
LEI	2138 00SX TDMY 2DJH 2L06
CFI	ESVUFR
FISN	HARD ADA/PAR VTG FPD 0.01
Shares registered through	CREST/Euroclear
Trading lot on First North	1
Trading currency	€ (euro)
Certified Adviser	Keswick Global AG Hoffingergasse 16/1/6 1120 Vienna Austria
Liquidity Provider	The Company has not appointed a Liquidity Provider
News Provider	The Company has engaged Nasdaq Global Corporate Solutions as provider of its news release service to the Exchange.
Auditor to the Company & Reporting Accountants	Crowe Clark Whitehill LLP Chartered Accountants St Bride's House 10 Salisbury Square London EC4Y 8EH United Kingdom
Legal Adviser (as to English law)	Bird & Bird LLP 12 New Fetter Lane London EC4A 1JP United Kingdom
Corporate Broker	Optiva Securities Limited 2 Mill Street London W1S 2AT United Kingdom

1.7 TRADING AND SETTLEMENT OF SHARES

Trading

Shares admitted to trading on the Exchange are quoted on the INET trading platform. Brokers who have either direct or indirect access to that system may place buy and sell orders in the market.

Settlement

The Company has engaged VP Securities A/S as its paying Agent for shares represented in the VP system and traded on the Exchange and for the execution of corporate actions towards shareholders whose shares are represented in the VP system.

At Admission 128,090,000 of the issued Shares of the Company will be represented in the VP system. The Placing Shares (1,500,000 Shares) will be represented in the VP system approximately three business days following Admission at which point 86% of the Company's issued Shares, representing the interests of 313 shareholders, will be represented in the VP system. Of the Shares in the VP system, 80% will be in public hands. Alternatively, shareholders may settle trades in the CREST/Euroclear system. Please consult your stockbroker.

Requirement to disclose interest in shares and background checks

A Shareholder is required to notify the Company when, to his knowledge, he acquires an interest in Ordinary Shares equal to three percent or more of the Company's issued share capital. The obligation also arises when there is a change in the number of Ordinary Shares beneficially owned by such Shareholder in excess of one per cent or more of the Company's issued share capital.

Under the UK Companies Act the Board may send a notice to any person whom the Board determines to have or to be reasonably likely to have beneficial ownership of Ordinary Shares requiring such person to identify any Ordinary Shares that person beneficially owns and to give such further information as may be required by the Board, including information reasonably necessary to enable background and probity checks to be carried out in respect of such person.

If the Company does not receive the information requested within the specified period then the member shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll and where the default shares represent at least 0.25% in nominal value of the issued shares of their class (calculated exclusive of any shares held as treasury shares) (i) any dividend or other money payable for such shares shall be withheld by the Company, which shall not have any obligation to pay interest on it, and the member shall not be entitled to elect to receive shares instead of that dividend; and (ii) no transfer, other than an excepted transfer, of any shares held by the member shall be registered unless the member himself is not in default of supplying the required information and the member proves to the satisfaction of the Board that no person in default of supplying such information is interested in any of the shares that are the subject of the transfer.

Regulation of betting and gaming activities: Suspension of rights of members and mandatory sale of Ordinary Shares


The Company has adopted certain provisions in its Articles which would permit it to restrict the voting or distribution rights attaching to Ordinary Shares or to compel the sale of Ordinary Shares where a Gaming Regulatory Authority determines that anyone interested in such shares is unsuitable and not a fit and proper person to continue to have an interest in such Ordinary Shares or where such interest may adversely affect the grant, renewal or the continuance of any gaming, registration or licence or approval of the Group or Hard Rock Capital Limited. Full details of these provisions are set out in paragraph 8.6 ("**Articles of Association**") of Part 8 "Share Capital and Ownership Structure".

1.8 THE RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.



Thong Teong Bun
Non-Executive Chairman



Shailen Gajera
Executive Director



Simon Retter
Non-Executive Director

2. RISK FACTORS

The Directors consider the following risks to be the most significant for potential investors in the Group. The following factors do not purport to be a complete list or explanation of all the risk factors involved in investing in the Group. In particular, the Group's performance may be affected by changes in the market and/or economic conditions in legal, regulatory and tax requirements. Prospective investors should be aware that an investment in the Group involves a higher than normal degree of risk. In addition to the other information contained in this document, the following risk factors should be considered carefully in evaluating whether to make an investment in the Group. Prospective investors should carefully consider the other information in this document.

Additional risks and uncertainties not presently known to the Group or the Directors or, that they currently deem immaterial may also impair the Group's business operations. The business, financial condition or result of operations of the Group could be materially and adversely affected by any of these risks. The trading price of the Ordinary Shares could decline due to any of these risks and investors could lose all or part of their investment.

2.1 RISKS RELATING TO THE GROUP'S OPERATIONS

The Group will need to obtain further funding for its expansion plans

The Group intends to establish a number of additional Restaurants over the next 5 years as part of its expansion plan in the PRC and is looking to negotiate rights to open Restaurants in Taiwan.

Whilst the Directors believe that the current cash and cash equivalents, anticipated cash flow from operations and the proceeds from the Placing will be sufficient to meet the anticipated cash needs for its existing operations for at least the next 12 months from the date of Admission the Group will not be able to finance its full expansion plans from the Placing and operating cashflows.

The amount and timing of additional financing needs will vary depending on the timing of new Restaurant openings, investments in new Restaurants and the amount of cash flow from the Group's existing operations. The Group may seek additional financing by selling additional equity or debt securities and/or obtaining a credit facility. The sale of additional equity securities could result in dilution to existing Shareholders. The incurrence of indebtedness would result in debt service obligations and could result in operating and financing covenants that may, among other things, restrict expansion plans and operations or the Company's ability to pay dividends.

The Group's ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, some of which are beyond the Directors control, including general economic and capital market conditions, credit availability from banks or other lenders, investors' confidence in the

Group, the performance of the restaurant industry in general, and the Group's operating and financial performance.

The Directors are unable to guarantee that future financing will be available in amounts or on terms acceptable to the Group, if at all. In the event that financing is not available or is not available on terms acceptable to the Group, the Group's business and expansion plans, results of operations and growth prospects may be adversely affected.

The Group accounts for pre-operating expenses of new restaurants as expenses in its accounts. Accordingly, in the event that the Group's expansion plan proves to be unsuccessful its profitability, may be materially and adversely affected.

The Group may not be able to successfully pursue its expansion plans

The Group's expansion plans are reliant on it being able to find suitable locations for further restaurants and the ADA remaining in force and the Group continuing to have the development rights granted under the ADA. The ADA sets out a number of circumstances which could result in the ADA being terminated (such as failure to maintain effective quality control systems and/or delays in opening restaurants) and therefore which would prevent the Group from opening further HRC restaurants. If the Group fails to achieve the development schedule set out in the ADA then it will have to pay a phantom royalty (a defined financial penalty in lieu of the royalties that the Group would have paid were the restaurant in question to have been opened as scheduled) for each month any relevant restaurant is not open and this will have an adverse effect on the financial position of the Group.

The Group will not achieve the target date in the ADA for the opening of the third restaurant. The Group is in discussions with the Franchisor and plans for the third restaurant will be drawn up in the two months following Admission with the opening planned a further three months thereafter.

The opening of the fourth and subsequent restaurants, will be financed through a combination of or either bank borrowings or placement of additional Shares to current or new shareholders. Delays in procuring such finance could delay the opening of further restaurants.

The selection of new sites and the agreement of suitable leases with landlords is crucial in the success of any new F&B outlet, particularly one with an international footprint. The Directors are therefore taking great care in these selection and negotiation arrangements. The Directors are in discussions with Hard Rock Café International and fully expect to be able to vary the terms of the existing Development Agreement (as was done on one of the first two cafes) to reflect a revised opening schedule once negotiations with potential landlords are further advanced and when the Directors are better able to estimate the likelihood of an opening date. However, at the date of this document such variation has not been formally agreed or reflected in the Development Agreement and therefore the Group may lose the rights set out therein to expand the existing operations as planned.

Under the ADA, the Group is granted the right to open only one HRC restaurant in each of the 11 specified cities. The Group has rights of first refusal under the ROFO Agreement which relate to a further 20 option cities. The ROFO is only a right to match an offer received by the Franchisor rather than the grant of rights to open a Restaurant in the relevant cities. The Group may not be successful in matching any terms offered to the Franchisor in respect of such additional cities and failure to do

so may have an adverse effect on the Group's expansion plans. The ROFO is only valid for a 5 year term and terminates in May 2022 (or earlier if the ADA is terminated).

The Group has not yet obtained any development or first refusal rights in respect of Taiwan and there can be no guarantee that such rights will be successfully negotiated on terms acceptable to the Group.

The Group's planned expansion into new markets in the PRC and limited operating history presents risks.

The Group plans to open new Restaurants in certain regions in the PRC where it has little or no operating experience.

The Group has a limited operating history having only opened its first restaurant in the city of Hangzhou on the 28th October 2016 and the second in the city of Shanghai on the 25th December 2016. As such there is only a limited operating record for these restaurants and this may not be reflective of the long term performance of the existing restaurants.

The markets in the PRC which the Group targets may have different business environments, competitive conditions, consumer preferences and discretionary spending patterns from the existing markets. Any new restaurants the Group opens in those markets may be less successful than the current restaurants. The Group may find it more difficult in new markets to hire, train and retain qualified employees.

Restaurants opened in new markets may also have lower average sales or higher construction, occupancy or operating costs than restaurants in existing markets or than the Directors anticipate. In addition, the Group may have difficulty in finding reliable suppliers or distributors with adequate supplies of ingredients meeting its 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 the overall profitability the Group.

Given the Group's limited operating history the Directors are not able to be sure that the menu and style of dining will suit the popular tastes and demands of customers in China. If the Group is unable to identify customer preferences in China and develop and offer menu items accordingly, sales at the Group's restaurants in China may be adversely affected.

The Group's operations are susceptible to increases in purchase costs for food ingredients, which could adversely affect margins and results of operations.

The Group's profitability will depend significantly on our ability to anticipate and react to changes in purchase costs of food ingredients. 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 the Group's 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. Suppliers may also be affected by higher costs to produce the goods and services supplied to the Group, rising labour costs and other expenses that they pass through to their customers, which could result in higher costs for goods and services supplied to the Group.

The Group currently purchases most of its raw materials and food ingredients from suppliers in the PRC and a portion of our raw materials and food ingredients are imported from various overseas countries, including Europe and the United States. Food prices worldwide have been generally increasing and in addition, any appreciation of foreign currencies in these countries against the RMB will increase the price of the Group's raw materials and food ingredients.

Given the current stage of the Group's development it does not have framework agreements with suppliers or enter into futures contracts or engage in other financial risk management strategies against potential price fluctuations in food costs. The Group may not be able to anticipate and react to changes in food costs through its purchasing practices, by changing menu offerings and menu price adjustments in the future, or the Group may be unwilling or unable to pass these cost increases onto our customers, the failure of any of which could materially and adversely affect the Group's business and results of operations.

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

The ability to source quality food ingredients at competitive prices in a timely manner will be crucial to the Group's business. The Group's ability to maintain consistent quality and maintain menu offerings throughout restaurants will depend in part upon the Group's ability to acquire fresh food products and related supplies from reliable sources that meet its quality specifications and in sufficient quantities. An inability to do so will have an adverse effect on the Group's business.

The Group is exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

The Group leases the properties on which its current Restaurants operate and proposes to lease properties for future Restaurants. The Directors believe that, generally, rental costs for premises that are suitable for restaurant businesses in the PRC will continue to increase. Substantial operating lease obligations expose the Group to potentially significant risks, including increasing the Group's vulnerability to adverse economic conditions, limiting the Group's ability to obtain additional financing and reducing the Group's cash available for other purposes.

The Group competes with other retailers and restaurants for quality sites in a highly competitive market for retail premises.

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

If the Group cannot obtain desirable restaurant locations or secure renewal of existing leases on commercially reasonable terms, the Group's business, results of operations and ability to implement its growth strategy will be adversely affected.

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

There can be no assurance that the sites of the Group's existing and planned Restaurants will meet expectations or that the neighbourhood characteristics or demographics of the areas surrounding the Group's Restaurants 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 the Group's Restaurants. In these circumstances, the Group may wish to relocate or cease operations. If we do so the Group may be obligated to continue to make rental payments for the duration of the lease at the relevant Restaurants. In such circumstances, the Group's business and results of operations may be materially and adversely affected.

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

The quality of the food the Group serves will be critical to its success. Maintaining consistent food quality depends significantly on the effectiveness of the Group's quality control systems, which in turn depends on a number of factors, including the design of the Group's quality control systems and the Group's ability to ensure that its employees adhere to those quality control policies and guidelines. Any significant failure or deterioration of the Group's quality control systems could have a material adverse effect on our reputation, results of operations and financial condition and may give the Franchisor grounds to terminate the ADA.

The Group's business depends significantly on the market recognition of Hard Rock Café brand, and any damage to the brand could materially and adversely impact the Group's business and results of operations.

The Group's success will depend substantially on the popularity of Hard Rock Café brand. Any incident that erodes consumer trust in or affinity for the brand could significantly reduce its value to the business.

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

The Group will 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 the Restaurants, restaurants operated by other food service providers or others across the food industry supply chain. Any such negative publicity could materially harm the Group's business and results of operations. Significant numbers of complaints or claims against the Group, even if meritless or unsuccessful, could force the Group 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 the Group, which may adversely affect the business of the Restaurants subject to such complaints and under the same or related brand. As a result, the Group may experience significant declines in our revenues and customer traffic from which we may not be able to recover.

The Group's future financial results will depend on the success of the Group's existing and new restaurants.

The Group's future financial results will depend on its ability to increase sales and efficiently manage costs in existing and new Restaurants. In particular, the success of Restaurants depends principally on the ability to increase guest traffic and the average spending per invoice. Significant factors that might adversely impact 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;
- guest budgeting constraints and choosing not to order high margin items such as beverages;
- customer sensitivity to menu price increases;
- reputation and consumer perception of Hard Rock Café as a brand and the Group's offerings in terms of quality, price, value and service; and
- guest experiences from dining in the Restaurants.

The profitability of Restaurants will also be subject to cost increases that are either wholly or partially beyond the Group's control, including, without limitation:

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

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

The Group's future growth depends on our ability to open and profitably operate new restaurants.

The Group operates 2 Restaurants as at the date of this document. The Group's future growth depends on its ability to open and profitably operate new restaurants. The number and timing of new Restaurants actually opened and their contribution to the Group's growth, are subject to a number of risks and uncertainties, including but not limited to the 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 preopening processes for each new restaurant;
- accurately estimate expected consumer demand in new locations and markets;
- secure adequate suppliers of food ingredients that meet the Group's quality standards;
- hire, train and retain skilled management and other employees on commercially reasonable terms; and
- successfully promote the new Restaurants and compete in the markets where our new restaurants are located.

The Group may not be able to open planned new Restaurants on a timely basis, if at all, and if opened, these Restaurants may not be operated profitably. Opening new Restaurants may place substantial strain on the managerial, operational and financial resources of the Group. Failure to

open new Restaurants in accordance with the timetable in the ADA may have an adverse financial impact on the Group through the requirement to pay phantom royalties under the ADA and could give rights to the Franchisor to terminate the ADA.

The ADA imposes a non-compete restriction on the Group prohibiting it from having any interest or involvement in any themed restaurant or music entertainment establishment located within 10 miles of a HRC restaurant or establishment. This restriction may limit the ability of the Group to diversify its interests and operate other related restaurant businesses.

Opening of new restaurants could result in fluctuations the Group's financial performance.

The Group's operating results may be significantly influenced by the timing of opening of new Restaurants (often affected by factors beyond the Group's control), including initially lower sales and higher operating costs. New Restaurants also incur expenses before opening such as rental expenses. The number and timing of new Restaurant openings may have a meaningful impact on the Group's profitability. The Group's results of operations may fluctuate significantly from period to period and comparison of different periods may not be meaningful.

If the Group is unable to manage growth effectively, it may not be able to capitalise on new business opportunities.

The Group's expansion may place substantial demands on management and operational, technological, financial and other resources. The Group's planned expansion will also place significant demands to maintain consistent food and service quality across a larger Restaurant network.

To manage and support growth, the Group will need to improve its existing operational and administrative systems as well as our financial and management controls. The Group's continued growth also depends on its ability to recruit, train and retain additional qualified management personnel as well as other administrative, sales and marketing personnel. To accommodate growth, the Group will also need to continue managing relationships with suppliers and customers. All of these endeavours will require substantial management attention and efforts and significant additional expenditures. The Directors are not able to guarantee that the Group will be able to manage any future growth effectively and efficiently, and any failure to do so may materially and adversely affect the Group's ability to capitalise on new business opportunities, which in turn may have a material adverse effect on the Group's business and financial results.

The Group will require various approvals, licenses and permits to operate the Group's business.

The Group is subject to various government regulations. In accordance with the laws and regulations of the PRC, the Group is required to maintain various approvals, licenses and permits in order to operate its restaurant business in the PRC.

Each of the 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 the 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.

Complying with government regulations may require substantial expense, and any noncompliance may expose the Group to liabilities. In case of any non-compliance, the Group may have to incur significant expense and divert substantial management time to resolving any deficiencies. The Group may also experience adverse publicity arising from such non-compliance with government regulations.

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

The Group's success depends on our key personnel.

The Group's senior management team has a limited history of working together. The Group's future success depends on the ability of the senior management team to work together and successfully implement the Group's growth strategy. The Group's future success also depends heavily upon the continuing services and performance of the Group's key management personnel, in particular our Executive Director and our Chief Executive Officer.

The Group 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 Restaurants and meet the Group's planned expansion requirements.

If the Group's senior management team fails to work together successfully, or if one or more of the Group's senior managers is unable to effectively implement the Group's business strategy, the Group may be unable to grow its business at the speed or in the manner in which the Directors' expect. Competition for experienced management and operating personnel in the restaurant industry is intense, and the pool of qualified candidates is limited. The Group may not be able to retain the services of its key management and operating personnel or attract and retain high-quality senior executives or key personnel in the future.

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

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

As the Group operates in the restaurant industry, it will receive and handle large amounts of cash in its daily operations. Although the Directors 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 the business and results of operations since the opening of the existing Restaurants, the Directors are not able to guarantee that there will not be any such instances in future. The Group may be unable to prevent, detect or deter all instances of misconduct. Any misconduct committed against the Group's interests, which may include past acts that have gone undetected or future acts, could subject the Group to financial losses, harm the Group's reputation and may have a material adverse effect on the Group's business and results of operations.

Information technology system failures or breaches of the Group's network security could interrupt operations.

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

The Group also receive and maintain certain personal information about guests when accepting credit cards or smart cards for payment. If the Group's network security is compromised and such information is stolen or obtained by unauthorised persons or used inappropriately, the Group may become subject to litigation or other proceedings brought by cardholders and financial institutions that issue cards. Any such proceedings could distract the Group's management from running the business and cause the Group to incur significant unplanned losses and expenses.

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

The Group's 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 the Group's control. The Group's business is also dependent on prompt delivery and transportation of raw materials and food ingredients.

Certain events, such as adverse weather conditions, natural disasters, severe traffic accidents and delays and labour strikes, could also lead to delayed or lost deliveries of food supplies to 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 suppliers or logistics partners. This may result in the Group's failure to provide quality food and services to customers, thereby adversely affecting the Group's business and damaging our reputation.

Fires, floods, earthquakes and terrorist attacks may lead to evacuations and other disruptions in the Group's operations, which may also prevent the Group from providing quality food and service to customers for an indefinite period of time, thereby affecting the Group's business and damaging its reputation. Any such event could materially and adversely affect the Group's business operations and results of operations.

The Group's insurance policies may not provide adequate coverage for all claims associated with its business operations.

As of the date of this document, the Group has obtained insurance policies that the Directors believe are customary for businesses of the Group's size and type and in line with the standard

commercial practice. However, there are types of losses the Group may incur that cannot be insured against or that the Directors believe are not commercially reasonable to insure, such as loss of reputation. If the Group were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of its insurance coverage, the Group's business and results of operations may be materially and adversely affected.

The Group's business could be adversely affected by difficulties in employee recruiting and retention.

The Directors believe hiring, motivating and retaining qualified employees will be a critical part of its expansion plans. As part of its expansion the Group will need to attract, retain and motivate a sufficient number of qualified employees, including restaurant staff, cooks, and kitchen assistants. Highly service-oriented and qualified individuals are in short supply and competition for these employees is intense.

The Group 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. 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 the Group's business and results of operations. In addition, competition for qualified employees could also require the Group to pay higher wages, which could result in higher labour costs.

The Group's results of operations may fluctuate significantly from period to period due to seasonality and other factors.

The Group's 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 newly opened Restaurants, any losses associated with Restaurant closings and seasonal fluctuations that may vary depending upon the region in which a particular Restaurant is located. The Group's revenues, expenses and operating results may vary from period to period in response to a variety of factors beyond its control, including general economic conditions, special events, regulations or actions pertaining to Restaurants based in the PRC and the Group's ability to control costs and operating expenses.

2.2 RISKS RELATING TO THE GROUP'S INDUSTRY

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, reliance on third-party food suppliers increases the risk that foodborne illness incidents could be caused by third-party food suppliers outside of the Group's control and could affect multiple restaurants in the 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 publicised, negatively affect the industry overall and the Group in particular, impacting restaurant sales, forcing the closure of some of the Group's Restaurants and having significant impact on the Group's results of operations. This risk exists even if

it were later determined that the illness in fact was not caused by the Group's restaurants. Furthermore, other illnesses, such as hand, foot and mouth disease, could adversely affect the supply of some of the Group's important food ingredients and significantly increase costs.

The Group also faces 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 the region when 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 the Group's restaurants, travel restrictions or the sickness or death of key personnel and guests. Any of the above may cause material decreases in guest traffic and disruptions to the Group's operations, which in turn may materially and adversely affect the Group's business and results of operations.

The restaurant business may be subject to increasingly stringent licensing requirements, environmental protection regulations and hygiene standards.

The Group is required to obtain a number of licenses and permits for its restaurant operations, including, among others, general restaurant licenses, water pollution control licenses, liquor licenses, hygiene permits, polluting materials discharge permits and fire protection approvals. The Group is also required to comply with environmental protection regulations. The Directors are not able to guarantee that the licensing requirements and environmental protection regulations for its restaurant operations in 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 the Group to incur significant compliance costs or expenses or result in the assessment of damages, imposition of fines against the Group or suspensions of some or all of the Group's business, which could materially and adversely affect the Group's financial condition and results of operations.

Macro-economic factors have had and may continue to have a material adverse effect upon the Group's 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. Any deterioration of the PRC economy, decrease in disposable consumer income, fear of a recession and decreases in consumer confidence may lead to a reduction of guest traffic and average spending per invoice at the Group's Restaurants, which could materially and adversely affect the Group's financial condition and results of operations.

The occurrence of a sovereign debt crisis, banking crisis or other disruptions in the global financial markets could impact the availability of credit generally may have a material and adverse impact on financings available to the Group. Renewed turmoil affecting the financial markets, banking systems or currency exchange rates may significantly restrict the Group's 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 the Group's expansion plans and the business, financial condition and results of operations.

Intense competition in the restaurant industry could prevent the Group 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. The Group will face significant competition at each of its locations from a variety of restaurants in various market segments, including locally-owned restaurants and regional and international chains. The Group's 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, 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 the Group's customers resulting in increased competition.

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

2.3 RISKS RELATING TO THE PRC

The Group faces uncertainty with respect to the indirect transfers of equity interests in its PRC resident enterprises through transfers made by its 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 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.

Adverse changes in economic and political policies of the PRC government could have a material adverse effect on the overall economic growth of China.

The Group's business, financial condition, results of operations and prospects could be affected by economic, political and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including the degree of government involvement, the level of development, the growth rate, the control of foreign exchange, access to financing, and the allocation of resources. Restaurant dining is discretionary for customers and tends to be higher

during periods in which favourable economic conditions prevail. Customers' tendency to become more cost-conscious as a result of an economic slowdown or decreases in disposable income may reduce customer traffic or average revenue per customer, which may adversely affect 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. The Directors are not able to guarantee 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 the Group's business.

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

The Group's restaurant business in the PRC is conducted through our PRC subsidiaries. The Group's operations in China are governed by PRC laws and regulations. The Group's 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.

Investors may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China.

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 the PRC of judgments of a court in the United Kingdom and any of the other jurisdictions mentioned above in relation to any matter not subject to binding arbitration awards may be difficult or impossible.

Governmental control of currency conversion.

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. The Group receives revenues from its PRC restaurant operations in RMB. Shortages in the availability of foreign currency may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments, 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 the Group's currency demands, the Group 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 .

The change in value of the Renminbi against the Euro, Pound Sterling, 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 Euro 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.

The majority of the Group's revenues and costs are denominated in RMB. Any significant revaluation of the RMB may materially and adversely affect cash flows, revenues, earnings and the financial position of the Group in Euro. Any devaluation of the Renminbi may adversely affect the value of, and any dividends payable on Ordinary Shares in foreign currency terms.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent the use of funds raised by the Company to make loans or additional capital contributions to PRC operating subsidiaries.

In deploying funds raised by the Company through HRCL, which is the Group's offshore holding company of the PRC operating subsidiaries, the Group may make loans, additional capital contributions to its PRC subsidiaries or a combination thereof. Any loans to the PRC subsidiaries are subject to PRC regulations and approvals. For example, loans to the 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 the PRC wholly-owned subsidiaries must be approved by the Ministry of Commerce or its local counterpart. The Directors are not able to guarantee that the Group 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 to the PRC subsidiaries. If the Group fails to receive such registrations or approvals, its ability to use the proceeds of the Placing and future financings to capitalise its PRC operations may be negatively affected, which could materially and adversely affect the Group's liquidity and its ability to fund and expand its business.

The Group will rely on dividends and other distributions paid by its wholly-owned operating subsidiaries in China to pay dividends to holders of the Ordinary Shares.

The Company is a holding company and will conduct substantially all of its business through its operating subsidiaries. The Group will partially rely on dividends and other payments from its wholly owned operating subsidiaries in China for its cash needs, including funds necessary to pay dividends and other cash distributions to Shareholders, to service any debt the Group may incur and to pay certain operating expenses.

If the Group's PRC 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 the Company. Furthermore, relevant Chinese laws and regulations permit payments of dividends by PRC 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 the PRC 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. As a result, the Group's subsidiaries are and will be restricted in their ability to transfer a portion of their net assets to the Company or any of the Company's other subsidiaries in the form of dividends, loans or advances. Limitations on the ability of the PRC subsidiaries to pay dividends could materially and adversely limit the Group's ability to borrow money outside of China or pay dividends to holders of Ordinary Shares. The dividends received from PRC subsidiaries and the Group's global income may be subject to Chinese tax under the PRC EIT Law which would have a material adverse effect on the Group's results of operations; non-PRC Shareholders will be subject to a Chinese withholding tax upon the dividends payable by the Company and gains on the sale of Ordinary Shares, if we are classified as a Chinese "resident enterprise".

The dividends we receive from our Chinese subsidiaries and our global income may be subject to Chinese tax under the PRC EIT Law.

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 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. The Directors are not able to guarantee that the 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 its worldwide income. If the Chinese tax authorities subsequently determine that the Company should be classified as a resident enterprise, non-PRC Shareholders will be subject to a 10% withholding tax upon dividends payable by the Company and gains on the sale of Ordinary Shares under the PRC EIT Law. Any such tax may reduce the returns on investment in the Ordinary Shares.

2.4 RISKS RELATING TO THE MARKET

Stock exchange risk

The price of the Company's shares may decline due to general market sentiment as well as an imbalance between potential buyers and sellers of the Company's shares. Additionally a lack of adequate liquidity in the market may mean that investors are unable to dispose of their shares at either the time or value they seek.

2.5 FORWARD-LOOKING INFORMATION

This Company Description contains forward-looking statements. Forward-looking statements are not statements of historical facts but rather reflect the Company's current expectations, estimates and predictions about future results and events.

This Company Description uses words such as 'anticipate', 'continue', 'estimate', 'expect', 'predict', 'may', 'will', 'project', 'should', 'assume', 'believe', 'plan', "intend", and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the Company's ability to control or predict. This could therefore cause actual results to differ materially from those anticipated in these forward-looking statements.

Assumptions regarding future revenues, acquisitions and other components of any projections are necessarily speculative in nature. In addition, projections do not and cannot take into account such factors as general economic conditions, unforeseen regulatory and legal developments and other factors discussed in this Risk Factors section, and elsewhere in this Company Description. This includes the potential entry into the Company's markets of significant additional competitors and other risks inherent to the business of the Company. While the Company believes that any forward looking statements herein reflect possible future results of the Company's operations, such results cannot be guaranteed.

3. THE COMPANY

3.1 SUMMARY

The Company is a public limited company with registered number 10829936. It was incorporated on 21 June 2017 as a public limited company in England and Wales with the name Hard ADA Rock plc. The Company was issued a certificate to commence trade on 19 July 2017. On 28 November 2017 the Company was renamed HRC World plc.

The Company has, immediately prior to Admission, acquired Hard Rock Capital Limited and its subsidiaries through a share for share exchange transaction under which the Company acquired the entire issued share capital of Hard Rock Capital Limited in exchange for the issue of new Ordinary Shares in the Company. As at the date of Admission, the Company will hold the entire issued share capital of Hard Rock Capital Limited.

Following Admission, the Company will be the holding company of the Group which will, through its subsidiary Ada Holdings Limited (“AHL”), hold a franchise licence to potentially develop and operate more than 30 Hard Rock Cafés in China. AHL has signed a firm development agreement for 11 cafés in various cities in Central China including a first right of refusal to develop a café in Shanghai Disneyland Park and more recently, has signed a separate agreement for a first right of refusal to establish cafés in additional 20 cities across North and South China should Hard Rock agree to open cafés in those cities. The Group is currently seeking rights to develop Hard Rock Cafés in Taiwan, which it expects to be granted by the Franchisor.

3.2 GROUP STRUCTURE

The Company is the holding company of the Group and has the following direct and indirect subsidiary companies:-

- Hard Rock Capital Limited (“HRCL”)
- ADA HOLDINGS LIMITED (“AHL”)
- HRCL (CC) Ltd (“HRCLCC”)
- Shanghai OuYue F and B Management Limited (“OuYue”)
- Miao Shi F&B Management (Hangzhou) Limited (“MiaoShi”)
- ADA Ventures China Café Management and Trading Company (“AoWei”)

HRCL is a company incorporated on the 16th March 2017, under the law of British Virgin Islands bearing registration number 1939646 and having its registered address at Coastal

Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands. Following Admission, HRCL will be the operations and management company of the Group.

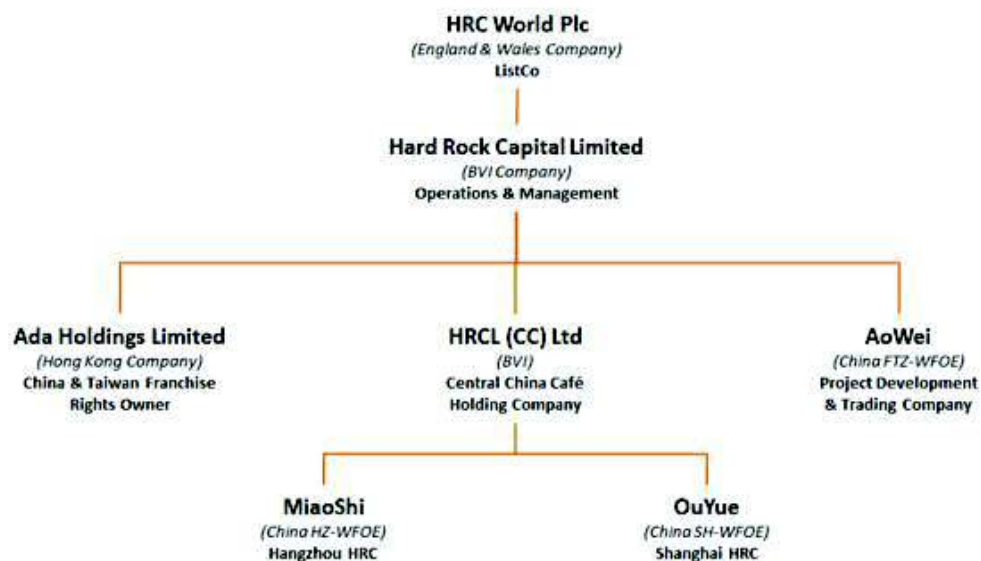
AHL is a company incorporated on the 13th November 2013, under the laws of Hong Kong, whose registration number is 1995982 and having its registered address at Unit 2104, 21/F, Mongkok Commercial Centre, 16 Argyle Street, Mongkok, Kowloon, Hong Kong. AHL is the master franchisee of Hard Rock Café restaurants and Rock Shop merchandise outlets in China.

HRCLCC is a company incorporated on the 16th March 2017, under the law of British Virgin Islands bearing registration number 1939751 and having its registered address at Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands. Following Admission, HRCLCC will be the holding company of all Hard Rock Café restaurants and Rock Shop merchandise outlets in Central China.

AoWei is a company incorporated on the 16th February 2016 as a special purpose Wholly Foreign Owned Enterprise in accordance with the prevailing legislation of the People's Republic of China ("PRC") with its registration number as 91310115MA1K38RB73 and having its registered address at Room 4070, Building 3, 4C, No.88 Hedan Road, China (Shanghai) Free Trade Zone. AoWei is the trading and procurement arm for the group.

OuYue is a company incorporated on the 18th April 2016 as a special purpose Wholly Foreign Owned Enterprise in accordance with the prevailing legislation of the People's Republic of China ("PRC") with its registration number as 9110000MA1FY1PXXM and having its registered address at No.249 North Maoming Road, Jingan District, Shanghai. OuYue is the operator of the Shanghai Hard Rock Café restaurant and Rock Shop merchandise outlet in Shanghai.

MiaoShi is a company incorporated on the 26th April 2016 as a special purpose Wholly Foreign Owned Enterprise in accordance with the prevailing legislation of the People's Republic of China ("PRC") with its registration number as 91330100MA27XJRXM and having its registered address at 1.122-123, Main Floor Building 3, Kerry Centre, 385 Yan'an Road, Xiacheng District, China. MiaoShi is the operator of the Hangzhou Hard Rock Café restaurant and Rock Shop merchandise outlet in Hangzhou.



3.3 THE BUSINESS

The Group has procured the rights as a Franchisee to develop and operate Hard Rock Cafés (“HRC”) in China. HRC is theme restaurant establishments that provide to the public Food and Beverage and Merchandise of a distinctive character and quality under the name “Hard Rock Cafe”.

Hard Rock Limited, a Jersey, Channel Islands corporation with its registered address at 13 & 14, Esplanade St., Helier, Jersey JE1 1BD, Channel Islands (“HRI”) is the Franchisor who owns the Hard Rock Café brand and System (method of operation of HRC restaurants, including manuals and right to advertise and sell Food and Beverage and Merchandise). HRI has publicised such name and the related trademarks, trade names, service marks, logos, slogans, trade dress, commercial symbols, and other intellectual property rights of HRI in connection with the operation of such System at restaurant establishments throughout the world. HRI, or its designated Affiliate, has licensed the use of the Licensed Marks, including the name “Hard Rock Cafe” and certain other trademarks, trade names, service marks, logos, slogans, trade dress and other commercial symbols, and also licenses the use of the other Intellectual Property (as hereinafter defined) in connection with restaurant or merchandise establishments operated in conformity with the System to designated Affiliates of AHL who will comply with HRI’s uniformity requirements and quality standards.

The Group has confirmed its rights to establish HRC restaurants and RockShop merchandise outlets in the following 11 cities i.e. (i) the city of Shanghai; (ii) the city of Chengdu; (iii) the city of Nanjing; (iv) the city of Xiamen; (v) the city of Fuzhou; (vi) the city of Chongqing; (vii) the city of Hangzhou; (viii) the city of Wuhan; (ix) the city of Xi'an; (x) the city of Guilin and (xi) the city of Suzhou.

In addition, the Group has procured the first right of refusal to establish a further 21 HRC restaurants and RockShop merchandise outlets in the following 21 cities should the Franchisor elect to open a HRC in that city; (i) city of Changsha; (ii) city of Foshan; (iii) city of

Ningbo; (iv) city of Nanning; (v) city of Wuxi; (vi) city of Shantou; (vii) city of Quanzhou; (viii) city of Dongguan; (ix) city of Wenzhou; (x) city of Kunming; (xi) city of Changchun; (xii) city of Hefei; (xiii) city of Changzhou; (xiv) city of Tangshan; (xv) city of Zhongshan; (xvi) city of Taiyuan; (xvii) city of Lijiang; (xviii) city of Guiyang; (xix) city of Nanchang and (xx) city of Xuzhou and (xxi) Shanghai Disneyland Park. The Group is also in discussion to procure rights to establish several HRCs in Taiwan, which it is yet to obtain.

The Group has successfully developed and opened HRC in Hangzhou on the 28th October 2016 and Shanghai on the 25th December 2016. The Group is currently in the process of establishing the HRC in Chengdu.

The Group's initial restaurants have proven popular and have won a number of awards including Best American Restaurant, Most Popular Restaurant and Most Recommended Restaurant in a survey of over 1,000 restaurants in Shanghai conducted by leading travel services provider CTRIP and a local radio station.

3.4 ABOUT HARD ROCK CAFÉ

Hard Rock Cafe Inc. is a chain of theme restaurants founded in 1971 by Isaac Tigrett and Peter Morton in London. In 1979, the cafe began covering its walls with rock and roll memorabilia, a tradition which expanded to others in the chain. In 2007, Hard Rock was sold to the Seminole Tribe of Florida, and since then it is headquartered in Orlando, Florida. As of December 2015, there were 191 Hard Rock locations in 59 countries, including 168 cafes, 23 hotels, and 11 casinos

The first Hard Rock Cafe (HRC) opened on June 14, 1971 at Gloucester House, Piccadilly, London, under the ownership of young Americans Peter Morton and Isaac Tigrett. Hard Rock initially had an eclectic decor but it later started to display memorabilia.

The chain began to expand worldwide in 1982 with locations in, among others, Toronto, Los Angeles, San Francisco, Chicago, Paris, and Berlin. Hard Rock Cafe locations in the United States vary from smaller, more tourist driven markets (Biloxi, Pigeon Forge, Key West, etc.) to large metropolises (Houston, Philadelphia, New York City, Chicago, Boston, Washington DC, etc.). Hard Rock Cafe typically does not franchise cafe locations in the United States. All US cafes are corporate owned and operated, except for cafes in Tampa and Four Winds New Buffalo casino. However, in the transition of the Las Vegas Hard Rock Hotel property originally owned and then later sold to Rank by founder Peter Morton. Morton retained hotel naming rights west of the Mississippi. When Morton sold his Las Vegas Hard Rock Hotel to the Morgans Hotel Group, he also sold those naming rights, which then gave rise to two US franchised hotels (without cafes) in Albuquerque and Tulsa. The Albuquerque hotel no longer pays for the Hard Rock rights and reverted to its former name in June 2013. More hotels franchised from Morgan's are planned for Sioux City and Vancouver.

In 1990, The Rank Group, a London-based leisure company, acquired Mecca Leisure Group and continued expansion of the concept in its geographic territory. Rank went on to purchase Hard Rock America from Peter Morton as well as Hard Rock Canada from Nick Bitove. After the completion of these acquisitions, Rank gained worldwide control of the brand. In March 2007, the Seminole Tribe of Florida acquired Hard Rock Cafe International, Inc. and other related entities from Rank for US\$965 million.

3.5 TYPICAL HARD ROCK FRANCHISE MODEL REQUIREMENTS

Set out below are the typical requirements of a Hard Rock Café Franchise. The restaurant Franchises signed to date by the Group conform to this model.

Franchise Costs

There are various costs and fees associated with the acquisition of a Hard Rock Cafe Franchise. An estimated initial investment range as well the different fees are outlined below:

Area Development Agreement

- An up-front fee is paid to secure the exclusive right to develop & operate Hard Rock Cafes within a certain geographic region.
- Fees vary depending upon the size of the territory, number of locations & length of the agreement.

Site Fee

- Potential markets are predetermined in the Franchise Agreement
- The standard Hard Rock site fee is no less than \$350,000.
- An individual site fee must be paid prior to developing each new Cafe
- Fees must be paid within a pre-agreed time-frame

Continuing Fees

- 5% of all Food & Beverage Gross Receipts paid monthly in arrears
- 10% of all Merchandise Gross Receipts paid monthly in arrears
- A memorabilia lease payment of 10% of the appraised memorabilia value.

Marketing

- 1% of total Gross Receipts paid monthly to a Global Marketing Fund.

Term

- The agreement is for a 10 year term with a 10 year renewable option.

Initial Investment

Initial capital requirement may vary depending on the restaurant and other factors. HRI has prepared these estimates based on their experience. Except as expressly indicated

otherwise, these estimates cover general initial cash investment up to the opening of any restaurant. It does not provide for cash requirements to cover any financing incurred by franchisee or any other expenses. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your business, which in turn will depend upon factors such as the demographics and economic conditions in the area in which the restaurant is located, the presence of other “Hard Rock Cafe” Restaurants or other public awareness of our business and trademarks within the general vicinity of the proposed restaurant, the franchisee’s ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated, the following is just an estimate.

3.6 COST ESTIMATES FOR SINGLE CAFÉ DEVELOPMENT

The table below has been produced by Hard Rock Café Inc. as a general guide to the costs involved. It is not a forecast of the actual costs to be incurred by the Group in developing any particular café. The actual costs incurred will vary based on a number of factors including the café's location and size.

No	Cost Description	Low	High	Remarks
1.	Franchise Site Fees	\$ 350,000	\$ 750,000	Based on a multiple of anticipated revenue
2.	Design & Engineering	\$ 150,000	\$ 300,000	Varies by market & amount of work required
3.	Project Management	\$ 30,000	\$ 150,000	Varies by market & amount of oversight required
4.	Permits, Licenses & Utilities	\$ 5,000	\$ 100,000	Varies by country and municipality
5.	General Construction	\$1,500,000	\$3,200,000	Assumes 7,500 sq ft unit. Varies by market & condition
6.	Permanent Fixtures	\$ 40,000	\$ 100,000	Varies based on design and layout
7.	Kitchen & Bar Package	\$ 250,000	\$ 400,000	Varies by number of floors, kitchens & bars selected
8.	Audio & Video System	\$ 150,000	\$ 250,000	Standard package varies based on market needs
9.	Signage	\$ 40,000	\$ 150,000	Varies to comply with local restrictions & controls
10.	Fire & Security Systems	\$ 30,000	\$ 50,000	Varies according to local code requirements
11.	Furniture	\$ 50,000	\$ 150,000	Varies depending upon #of seats selected
12.	Computers & POS System	\$ 100,000	\$ 125,000	Varies depending upon import duties
13.	Legal Fees	\$ 25,000	\$ 75,000	Varies by country and jurisdiction, licensing laws
14.	Accounting Fees	\$ 10,000	\$ 15,000	Varies by country and jurisdiction
15.	Real Estate Broker's Fees	\$ 15,000	\$250,000	Varies by country and jurisdiction
16.	Sales Marketing & PR	\$ 50,000	\$100,000	Varies depending upon nature of opening campaign
17.	Pre-Opening Costs	\$ 200,000	\$300,000	Training costs will fluctuate depending upon location
	TOTAL	\$2,995,000	\$4,910,000	Contingencies and working capital are not included.

Courtesy : http://www.hardrock.com/franchise-opportunities/cafes/investor_information.aspx?tab=requirements

4. BUSINESS STRATEGY AND MARKETS

4.1 CHINA ECONOMY REVIEW

The Chinese economy experienced significant growth in the last few decades that catapulted the country to become the world's second largest economy. In 1978, when China started the program of economic reforms, the country ranked ninth in nominal gross domestic product (GDP) with USD 214 billion; 35 years later it jumped up to second place with a nominal GDP of USD 9.2 trillion.

Since the introduction of the economic reforms in 1978, China has become the world's manufacturing hub, where the secondary sector (comprising industry and construction) represented the largest share of GDP. However, in recent years, China's modernization propelled the tertiary sector and, in 2013, it became the largest category of GDP with a share of 46.1%, while the secondary sector still accounted for a sizeable 45.0% of the country's total output. Meanwhile, the primary sector's weight in GDP has shrunk dramatically since the country opened to the world.

China weathered the global economic crisis better than most other countries. In November 2008, the State Council unveiled a CNY 4.0 trillion (USD 585 billion) stimulus package in an attempt to shield the country from the worst effects of the financial crisis. The massive stimulus program fuelled economic growth mostly through massive investment projects, which triggered concerns that the country could have been building up asset bubbles, overinvestment and excess capacity in some industries. Given the solid fiscal position of the government, the stimulus measures did not derail China's public finances. The global downturn and the subsequent slowdown in demand did, however, severely affect the external sector and the current account surplus has continuously diminished since the financial crisis.

China exited the financial crisis in good shape, with GDP growing above 9%, low inflation and a sound fiscal position. However, the policies implemented during the crisis to foster economic growth exacerbated the country's macroeconomic imbalances. Particularly, the stimulus program bolstered investment, while households' consumption remained relatively low. In order to tackle these imbalances, the new administration of President Xi Jinping and Premier Li Keqiang, beginning in 2012, have unveiled economic measures aimed at promoting a more balanced economic model at the expense of the once-sacred rapid economic growth.

Source : <http://www.focus-economics.com/countries/china>

4.2 FOOD AND BEVERAGE MARKET

In 2011, China overtook the US as the world's largest consumer market for food and beverage products. In 2016, the Chinese government made a commitment to speed up the digitisation of the industry and make it fit for purpose and meet the internal market demand.

Owing to a slowdown in the domestic economy and weakened consumer confidence, consumer foodservice decelerated in terms of outlet, transaction and value sales growth in 2016, compared with rates in 2015 when the market showed signs of recovering from the strict anti-corruption campaign in 2013 and 2014. However, overall growth remained strong, thanks to the rigid market demand for foodservice, driven by the faster lifestyles and rising household incomes.

With the mounting pressures of life and work, more consumers have reduced their cooking time in favour of relaxation; as such, 100% home delivery/takeaway flourished in 2016, leading to double-digit growth in outlets, transactions and value sales, albeit from its relatively small base. On the other hand, specialist coffee shops, where young consumers love to hang out and meet friends, also recorded buoyant growth rates, showing a rising market demand for lifestyle consumption in China.

In the highly fragmented consumer foodservice market in China, chained multinational players remained the leaders in 2016, thanks to their adaptive market strategies, including the launch of new foodservice products and services to cater to consumers' changing needs. Sichuan HaiDiLao Catering Co Ltd is the leading local player, distinguishing itself by its personal and superior customer service, which is very impressive to Chinese consumers who usually seldom experience such professional customer service at average foodservice outlets.

While Chinese food is the first love of China's consumers, much of the country's middle class also has embraced foreign restaurants. Foreign food and beverage (F&B) chains have found success in the country based on their novelty, quality, competitive prices and air of sophistication. Sensing opportunity, foreign brands have expanded aggressively across the country, and many are now fixtures of urban China's malls, department stores, and shopping streets.

Hard Rock Café is a resilient brand owing to stream of loyal customers and tourists. A marketing drive through musical initiatives is expected to take place across the Asian franchises and could soon be coming to the world's second-biggest economy, where Hard Rock is aggressively expanding. Hard Rock Café's expansion in China is viewed as a "Big Price" by the owners of Hard Rock brand.

4.3 THE SUCCESS OF HARD ROCK CAFÉ

The Hard Rock Café started out as a simple rock-and-roll themed restaurant in 1971, before becoming a chain and then gradually progressing into different types of venues, such as the Hard Rock hotels and casinos. Today it stands as a successful and highly lucrative business. The success of the Hard Rock Café can be attributed to its unique application of entertainment design, which appeals to the masses of rock and roll fans as well as to the broader public.

The layout of a typical Hard Rock Café includes a restaurant area serving traditional American food, a bar and several memorabilia displays along the walls. The largest Hard Rock Café, which is situated at the CityWalk of Orlando, has multiple levels devoted to highly-valued mementos and autographed photos. Items on display come from classic artists, such as Elvis and Jimi Hendrix, and from more recent artists, such as the Nine Inch Nails. Rock and roll enthusiasts can enjoy a meal with friends or family, and then browse the classic collections. These features give the outlets a unique selling point which ties them together as a single, prestigious brand offering a guaranteed positive experience.

The high-energy entertainment design of the Hard Rock Café also makes it an ideal place for parties and group outings. It boasts a calendar full of special events, including live rock and roll performances. Rock and roll celebrities often frequent the cafés and occasionally perform live music, giving the venues a special cachet. All Hard Rock Cafés have gift shops complete with authentic Hard Rock Café t-shirts, mugs, glasses and caps, reinforcing the company's brand identity.

All the venues also have rock and roll music playing at all times, emphasizing their theme. The playlists encompass several sub-genres of rock and roll music, including classic rock, folk rock, and hard rock. The music spans several decades from the days of Elvis to contemporary rock, creating an attraction for both older and younger generations. The design of the Hard Rock Café creates an atmosphere where all rock and roll fans can converge and celebrate their passion.

4.4 THE GROUP'S BUSINESS STRATEGY (FRANCHISEE)

The Group's business strategy is to open the first 3 restaurants in Shanghai, Hangzhou and Chengdu by early 2018, before embarking on an aggressive expansion plan of opening additional restaurants with a target of up to 30 restaurants running. The Group is in the opinion that having any lesser number of operating restaurants will not give it the desired economies of scale to implement China country-wide marketing strategies – which is important in an emerging market like China.

Accordingly, the Group has been in discussion with the franchisor and subsequently has procured rights or first rights of refusal to open Hard Rock Café restaurants and Rock Shop merchandise outlets across most major cities in China. It is also in discussion to procure further rights to operate in Taiwan.

The board is excited by the potential growth opportunities that the China market presents, while recognising the need for caution in the selection of sites and business partners. As such the board has set what it believes to be a cautious expansion plan over the next two financial years.

Whereas there can be no guarantees on precise dates, further cafes are expected to be opened as follows:

City	Population (millions)	Expected date
Chengdu	14.4	July 2018

Wuhan	10.6	Q3/4 2018
Shenzhen	12.4	Q3/4 2018
Xiamen	3.5	Q3/4 2018
Nanjing	5.4	Q1/2 2019

Nothing in the plans described above should be construed as being in the nature of financial projections nor forecasts of future profits.

Since Hard Rock Café is renowned for its casual American dining coupled with live-band entertainment, the Group plan to further capitalise on the concept by rotating the bands playing at each of the Group's restaurants such that there is always a new band playing and thus encouraging more frequent visits by patrons. The Group also plans to organise in-house music competitions as well as global Hard Rock band competitions to gain stronger visibility of the brand in China as well as globally.

4.5 ANALYSIS OF HARD ROCK CAFÉ'S STRATEGY (FRANCHISOR)

The following third party analysis is quoted from:

<https://www.ukessays.com/essays/marketing/analysis-of-the-hard-rock-cafe-marketing-essay.php>

Opened in 1971, Hard Rock Café has grown from a small pub to a truly global phenomenon with over 170 venues in more than 51 countries around the world, including 133 cafes and 15 Hotels/Casinos, live music venues, a rock museum, and a huge annual Rockfest concert. This world's leading collector and exhibitors of rock 'n' roll memorabilia is a real haven for fans of music, food, and great times. Its unique operation management strategy has brought Hard Rock Café become the number one themed restaurant in the world and one of the most highly recognized brands.

Hard Rock Café as an industry leader has changed its strategy with the times. Hard Rock has migrated from a London restaurant modelled on a Tennessee cafe, to food with entertainment, to food with an experience. Customers' demand is not only a meal; furthermore, they want an experience, and Hard Rock's operation strategy is designed to provide that experience.

Orchestrating all of this becomes an operations management responsibility. To have a great successful business, its management has carefully applied the following key operations management decisions to building that experience.

Good and service design

Taking a look at Hard Rock Café's service quality and product design, it is easy to understand how they have achieved such a high rate of success. Their product design is based off of something that definitely was a hit 30 years ago and will be a hit for the foreseeable future; Rock-N-Roll. The simple logo of the words Hard Rock is enough for rock-n-roll enthusiasts. Hard Rock Café has its own specific style in product and design. It is different outside and inside. Even for the first timers who have never visited Hard Rock Cafe it connects with those music lovers who like to enjoy food in a fun and entertaining environment. It clearly knows music is life. Music is universal and doesn't have boundaries. No matter what one is from America, France, India, China or Nigeria, everyone loves music and of course the food too.

Although there are many different cultures and maybe different food preferences, you still have more chances to attract customers by selling them the entertaining experience using music first. Hard Rock Cafe has been successful at selling the Rock and Roll, Hard Rock experience. That's why they attract all the tourists from around the world. Music has a mystic formula for success.

It realized that food is just the medium that allows it to sell what it is good at and that is delivering exceptional entertainment and dining experience. Hard Rock Café does not strive to make the most delicious food in the local region. It does not mean that its food is not considerate. Hard Rock Café also puts a lot of effort into creating and testing its products for cost efficiency and customer satisfaction before they are sold in its restaurants. Operations personnel constantly review menus, and food research is ongoing. Quality surveys are done regularly. Hard Rock Café chefs are modifying the menu from classic American - burgers and chicken wings - to include higher-end items such as stuffed veal chops and lobster tails. Just as taste in music changes over time, so does the Hard Rock Cafe, with new menus, layouts memorabilia, services, and strategies.

Since its establishment in 1971, Hard Rock Café has also committed to a wide variety of philanthropic causes and activities. Its slogan "Love all - Serve all" has together going together with its development for many years. Whether one is a business man, a rock style person or middle-aged clerk, every customer always feels pleased with their warm services.

Quality

This is the most important point that every enterprise must pay attention to for their long-term development. Hard Rock Café prides itself on service quality from music, food and atmosphere. It conducts numerous surveys to get an honest assessment regularly on a scale of 1-7, with 7 being excellent. It does not accept for anything less than 7. Based on the customer survey and feedback, the music as well as menus, layouts, memorabilia, services and strategy will be changed and improved with the time to fulfil customer recommendations accordingly. This quality factor is highly regarded to the success of Hard Rock Café.

Process and Capacity Design

The process and capacity design is up to the decision of the locations of its facilities. For example, at Orlando's Universal Studios, a traditional tourist destination, Hard Rock Cafe serves over 3,500 meals each day. The cafe employs about 400 people. Hard Rock Café has a big chain of cafes serviced 100,000 meals per day in U.S. This factor will affect to others in business operation. So, Hard Rock Café has carefully considered it as soon as its intention to open any new location.

Location

Finding the perfect location for each cafe is another operations management decision. Its largest restaurant and one of the biggest restaurants in the world is located in Orlando, Florida. Hard Rock Cafe has 40 U.S. locations, about a dozen in Europe, and the remainder scattered throughout the world, from Bangkok and Beijing to Beirut. In order to choose the right place to appear, Hard Rock Café conducts an extensive market research based on these following fundamental elements including demographics, visitor market trend, transportations, restaurants and nightclubs, risk of politics, real estate market and

comparable market, then levelled with very further details and marked for each. New construction, leases, and investment in remodelling are long term, so a location strategy has been carefully considered these serious quantitative market research supports. . Moreover, the success of every cafe in each location is also contributing to the cash flow efficiency and the whole chain's success.

Because 70% of Hard Rock's guests are tourists, recent years have found it expanding to "destination" cities. While this has been a winning strategy for decades, allowing the firm to grow from 1 London cafe to 133 facilities in 51 countries, it has made Hard Rock susceptible to economic fluctuations that hit the tourist business hardest. So Hard Rock is signing a long-term lease for a new location in Nottingham, England, to join recently opened cafes in Manchester and Birmingham-cities that are not standard tourist destinations. At the same time, menus are being upgraded. Hopefully, repeat business from locals in these cities will smooth demand make Hard Rock less dependent on tourists.

Layout

Hard Rock Café has different designs at each location. Each place has a specific experience. The layout strategy of each café includes the careful placement of items so that the display is attractive but also allows for easy circulation for the consumer and exposes them to merchandise available for purchase. Hard Rock is also adding a new emphasis on live music and is redesigning its restaurants to accommodate the changing tastes. Since Eric Clapton hung his guitar on the wall to mark his favourite bar stool, Hard Rock has become the world's leading collector and exhibitor of rock and roll memorabilia, with changing exhibits at its cafes throughout the world.

The kitchens are designed efficiently for easy food preparation. The company must consider the kitchen flows for food preparation and restaurant and bar layout for maximum revenue. Every piece of the experience strategy including memorabilia, music, and visuals takes on a new significance. This means lighting, sound, screens, contemporary music, and circulation paths are designed to show off memorabilia and expose customers to merchandise for sale. The retail shops generate close to half the company's profit and are carefully integrated into restaurant layout, flow, and work stations. In keeping with the times, Hard Rock Café also maintains a web site which receives over 100,000 hits per week and a weekly cable TV program. Hard Rock Café's brand recognition of 92% is one of the highest in the world.

Human resource and Job Design

In order to provide the best experience for customers, human resources, carefully chooses the staff it hires for their passion of music and their desire to serve. Hard Rock Café carefully trains and develops their crew to excite the customers and provide entertainment. The enthusiasm of the entire staff as they engage the customers is one of the reasons people keep going back. Scheduling the large staff of bartenders, kitchen and wait staff, hostesses, and retail clerks is done based off of tracking sales. When planning the schedule, they look at the prior year's sales and the trends for the last couple of weeks. They will also take into consideration any events.

Another key to a successful restaurant is to understand that employees want to be a part of a team. Feeling important and part of that team goes a long way to making them want to stay with their employer. This can be especially challenging in large restaurants; however, it

is not impossible. Benefits and flexible schedules are also great incentives and could be the difference between employees staying and leaving the restaurant. Another incentive is giving them responsibility, letting them take ownership of what they do.

Supply chain

Hard Rock Café works with qualified suppliers to ensure enough fresh, quality meals to customers. Outsourcing is the best model to attain the functionality and cost efficiencies it needed for its retail apparel and gifts operations. Avicon, Hard Rock Café's supply chain, has helped it make a critical long-term strategic decision by Logistics Outsourcing Methodology and deep experience in transportation and global distribution. Hard Rock Café has succeeded in operational challenges including obsolete inventory, low inventory turns, and high back office fulfilment/logistics costs By focusing on its core competencies in the retail apparel & gifts business and outsourcing non-core functions.

Inventory

Inventory also takes on a different meaning at the Hard Rock Cafe. There is of course food and merchandise, but Hard Rock also has over forty million dollars invested in one of the world's largest collections of rock-and-roll memorabilia inventory.

Most of which is on the walls of its cafes around the world. Inventory Management has the responsibility of cataloguing the entire inventory in all the cafes. They have developed a system that tells them exactly what is in each café, where it is in the café, and what the story is behind each item. Maintenance of the inventory is done every 5-7 years when the memorabilia is taken out of a café and refurbished. The café is then restocked with new items.

Scheduling

Scheduling is another of the ten operations management decisions. Hard Rock uses long-range forecasting in setting a capacity plan and intermediate-term forecasting for locking in contracts for leather goods (used in jackets) and for such food items as beef, chicken, and pork. Its short-term sales forecasts are conducted each month, by cafe, and then aggregated for a headquarters view.

The heart of the sales forecasting system is the point-of-sale system (POS), which, in effect, captures transaction data on nearly every person who walks through a cafe's door. The sale of each entry represents one customer; the entry sales data are transmitted daily to the Orlando corporate headquarters' database. There, the financial team, headed by Todd Lindsey, begins the forecast process. Lindsey forecasts monthly guest counts, retail sales, banquet sales, and concert sales (if applicable) at each cafe. The general managers of individual cafes tap into the same database to prepare a daily forecast for their sites. A cafe manager pulls up prior years' sales for that day, adding information from the local Chamber of Commerce or Tourist Board on upcoming events such as a major convention, sporting event, or concert in the city where the cafe is located. The daily forecast is further broken into hourly sales, which drives employee scheduling. An hourly forecast of \$5,500 in sales translates into 19 workstations, which are further broken down into a specific number of wait staff, hosts, bartenders, and kitchen staff. Computerized scheduling software plugs in

people based on their availability. Variances between forecast and actual sales are then examined to see why errors occurred.

Hard Rock doesn't limit its use of forecasting tools to sales. To evaluate managers and set bonuses, a 3-year weighted moving average is applied to cafe sales. If cafe general managers exceed their targets, a bonus is computed. Todd Lindsey, at corporate headquarters, applies weights of 40% to the most recent year's sales, 40% to the year before, and 20% to sales 2 years ago in reaching his moving average.

An even more sophisticated application of statistics is found in Hard Rock's menu planning. Using multiple regressions, managers can compute the impact on demand of other menu items if the price of one item is changed. For example, if the price of a cheeseburger increases from \$6.99 to \$7.99, Hard Rock can predict the effect this will have on sales of chicken sandwiches, pork sandwiches, and salads. Managers do the same analysis on menu placement, with the centre section driving higher sales volumes. When an item such as a hamburger is moved off the centre to one of the side flaps, the corresponding effects on related items, say French fries, is determined.

With twenty-three departments and over six hundred people on the payroll, Hard Rock Cafe considers many factors when preparing work schedules.

We look at sales. We look at sales for prior year, and see what kind of business we did during that week when we're writing the schedule. We also take into consideration any events-community events-in the area, seasonality. We also take a look at trend for our trade for the past couple weeks, and then what we do from that is we come up with a sales forecast. The sales forecast is basically that nucleus that we write the schedule from.

Quality control is the key to success. Hard Rock Cafe adjusted its menus and music time by time and by locations, basing on the survey done. All kitchens, bar, restaurants or retail shops or equipment are maintained regularly.

In order to strengthen the brand recognition, Hard Rock Cafe creates its own website: www.hardrock.com and maintain a cable television program weekly on VH-1. More than 100,000 hits received through Hard Rock website and 92% of recognition is a truly great result repaying for Hard Rock efforts

The above third party analysis article is quoted from <https://www.ukessays.com/essays/marketing/analysis-of-the-hard-rock-cafe-marketing-essay.php>

5. MANAGEMENT

5.1 BOARD OF DIRECTORS

The Board of Directors comprises the following 1 Executive and 2 Non-Executive directors. Thong Teong Bun and Simon Retter are the Non-Executive Chairman and Non-Executive Directors respectively while Shailen Gajera is the Executive Director. Mr. Thong and Mr. Retter were appointed on 21 June 2017 and Mr. Gajera was appointed on 24 November 2017.

Thong Teong Bun

Non-Executive Chairman

Mr. Thong holds an MBA in Finance from University of Hull and Diploma in Banking and Finance. Mr Thong started his career in banking with Public Bank Berhad and move to Perwira Habib Bank Berhad (now Affin Bank Berhad) in 1990 as the Head of Credit & Marketing in Port Klang. His outstanding performance and leadership, enabled him to rise through the rank quickly leading to his promotion as the Regional Manager of Business Banking in 2002. In 2003, Mr Thong was tasked to Head, the Small and Medium Enterprise Banking Business Division of Affin Bank. He was responsible for formulating strategies and implementation of the SME Banking strategic thrust to broaden the bank core earnings in its SME Portfolio. He left the bank in 2004 as the Vice President to pursue business interest in Peoples' Republic of China. He is currently the Strategic Business Advisor cum Business Partner of China Communications Services Corporation Limited (CCS) in Malaysia. CCS is listed on the Main Board of Hong Kong Stock Exchange with major shareholders such as China Telecom, China Mobile and China Unicom. He is also the Independent & Non-Executive Director in Amtek Holdings Berhad, a Bursa Main Market listed company – a positioned he held since April 25, 2006. He is also serves as the President of the Zheng He Economic and Friendship Cultural Society in Malaysia with its objective of promoting greater regional collaboration among business in ASEAN under the Belt and Road Policy Initiative of the People's Republic of China. He is also the Chairman of Hongda Group and now serves as Non-Executive Chairman of HRC World Plc.

Upon Admission Mr. Thong will not own any shares in the Company.

Mr. Thong is engaged as non-executive Chairman of the Company with effect from 21 June 2017. Under the terms of his appointment letter he is entitled to remuneration of €20,000 per annum. He is entitled to the provision of Directors and Officers liability insurance. The appointment letter can be terminated on 3 months' notice from either party.

During the last five years, Mr. Thong has been a director of the companies in the following table. The table shows the name of the company, its jurisdiction of incorporation, the dates of his appointment and, where relevant, cessation. Companies whose shares are traded on a public market are noted; all others are private.

No	Name of Company	Country Of Incorporation And Nature Of Business	Date Appointed	Market*
1.	Puncak Desa Sdn Bhd	Malaysia / Property Investment Co	4/2/1998	n/a
2.	Puncak Desa Industries	Malaysia / Property Holdings Co	1/9/2005	n/a
3.	Amtek Holdings Berhad	Malaysia / Apparel Trading	4/2006	Bursa Kuala Lumpur
4.	Hongda Energy & Telecom Sdn Bhd	Malaysia / Telecommunication Services Company	15/4/2014	No
5.	Aries Telecoms (M) Berhad	Malaysia / Telecommunication Fibre Network Operator	15/12/2016	No

Simon Retter

Independent NED

Simon graduated from the University of Bristol in 2003 with a BSc Upper Second Class Honours in Accounting & Finance and started his career at Deloitte LLP where he qualified as a chartered accountant. He specialised in corporate finance work, co-ordinating reporting accountant's work for AIM IPOs, preparing Long-form/Accountants Reports, Working Capital Reports and producing acquisition due diligence reports. Simon was Financial Director at Paragon Diamonds Ltd from April 2010 to March 2017 where as an original founding director he had sole responsibility for managing the IPO process and has raised £9 million in new equity to date. Simon is also currently the Chief Financial Officer of Horizonte Minerals Plc and Non-Executive Director of Equatorial Mining & Exploration plc (ISDX listed) as well as Finance Director at Vertu Capital Limited. Simon has extensive experience in public markets, specifically reverse takeovers, IPOs and secondary fundraising combined with high pressure and dynamic environments encountered in the start-up and growth phase of businesses. He is currently the Non-Executive Director of HRC World Plc.

Upon Admission Mr. Retter will not own any shares in the Company.

Mr. Retter is engaged as non-executive Director of the Company with effect from 21 June 2017. Under the terms of his appointment letter he is entitled to remuneration of €20,000 per annum. He is entitled to the provision of Directors and Officers liability insurance. The appointment letter can be terminated on 3 months' notice from either party.

During the last five years, Mr. Retter has been a director of the companies in the following table. The table shows the name of the company, its jurisdiction of incorporation, the dates of his appointment and, where relevant, cessation. Companies whose shares are traded on a public market are noted; all others are private.

No	Name of Company	Country Of Incorporation And Nature Of Business	Date Appointed	Date Ceased	Market*
1.	Stonedale Management and Investments Ltd	England – consultancy	15 Jan 2016	-	N/A
2.	I Med Group International Ltd	England – Holding Company	5 May 2017	-	N/A
3.	I-Med Treasury Ltd	England – consulting services	18 May 2017	-	N/A
4.	SkinSide UK Ltd	England - Health products	10 May 2017	-	N/A
5.	I-Med Aesthetics Ltd	England - Health products	10 May 2017	-	N/A
6.	I-Med Medical Therapy System Ltd	England - Health products	5 May 2017	-	N/A
7.	Amasya Resources Limited	England – Natural Resources	18 May 2016	-	N/A
8.	Lan Group Plc	England - Horticulture	27 October 2016	-	N/A
9.	Lan Greenfield Ltd	England - Horticulture	6 March 2017	-	N/A
10.	Meso Diamonds Ltd	Lesotho – Diamond mining	October 2010	-	N/A
11.	Botle Diamonds Ltd	Lesotho – Diamond Mining	October 2010	-	N/A
12.	Paragon Diamonds Mauritius Ltd	Mauritius – Holding company	2011	-	N/A
13.	Equatorial Mining and Exploration plc	England – holding company	5 June 2015	-	NEX
14.	Vale International Group Ltd	BVI – investment holding company	April 2016	-	LSE
15.	Vertu Capital Limited	Cayman Is – investment holding company	23 May 2016	-	LSE
16.	Timpton Limited	England – property holding	10 September 2010	-	N/A
17.	International Diamond Consultants Limited	BVI – holding company	2011	-	N/A
18.	I-Med Animal Healthcare Limited	England - healthcare	10 May 2017	-	N/A
19.	I-Med Emotion Beauty Products Limited	England - healthcare	10 May 2017	-	N/A

No	Name of Company	Country Of Incorporation And Nature Of Business	Date Appointed	Date Ceased	Market*
20.	Obtala Ltd	England – Natural Resources	4 July 2013	6 April 2016	N/A
21.	Paragon Diamonds Ltd	Guernsey – Holding Company	Nov 2013	Mar 2017	AIM
22.	African Sports Association	England - Charity	26 Oct 2010	6 Sept 2016	N/A
23.	Uragold Ltd	England – Natural Resources	7 Sept 2012	6 April 2016	N/A
24.	Sierra Leone Hard Rock Ltd	BVI – holding company		2012	N/A
25.	Mindex Ltd	BVI – holding company		2014	N/A
26.	Mama Jos Limited	England – Natural Resources	20 May 2014	1 December 2015	N/A
27.	Gemstones of Africa Limited	England – Natural Resources	15 February 2010	6 April 2016	N/A
28.	African Rock Resources Ltd	England – Natural Resources	3 January 2012	23 August 2016	N/A

Shailen Popatlal (referred to as "Shailen Gajera" in this Company Description)
Executive Director

Shailen has been involved in capital markets transactions since the year 2000 with particular expertise in private equity, fund management and regulatory compliance. Before assuming the position of fund manager with Hickham Capital, Shailen graduated with a degree in civil engineering and worked as a professional structural engineer with one of Malaysia's largest civil engineering consultancy firms, HSS Integrated Malaysia. In 2007, Shailen was appointed as Head of Corporate Finance at VCB where he was primarily responsible for assisting in corporate finance transactions, principally corporate restructuring, debt financing, preparing listing documents and advising in business matters as a management consultant. In 2008, Shailen was appointed as Fund Manager at VCB Capital Sdn Bhd ("VCB Capital") and later that year assumed the role of Registered Compliance Officer. Shailen was subsequently appointed as Head of Compliance at VCB Capital in 2012. In 2013, Shailen became Vice President for Management Consultancy and Private Equity at VCB and maintained the role of Head of Compliance until mid-2016. Shailen is also a Fund Manager at Ingenious Advisers Ltd in October 2016. He is now the Executive Director of the Company.

Upon Admission Mr Gajera will not own any shares in the Company.

Mr Gajera is engaged as a director of the Company under a service agreement dated 24 November 2017. Under the terms of this agreement he is entitled to remuneration of €20,000 per annum. He is entitled to the provision of Directors and Officers liability insurance. The appointment letter can be terminated on 3 months' notice from either party.

During the last five years, Mr Gajera has been a director of the companies in the following table. The table shows the name of the company, its jurisdiction of incorporation, the dates of his appointment and, where relevant, cessation. Companies whose shares are traded on a public market are noted; all others are private.

No	Name of Company	Country Of Incorporation And Nature Of Business	Date Appointed	Date Ceased	Market*
1.	Asrix Sdn Bhd	Malaysia R&D Company	29/12/2003	-	N/A
2.	VCB Investment Berhad	Malaysia Private Equity	13/8/2012	-	N/A
3.	SPG Properties Sdn Bhd	Malaysia Property	19/10/2005	-	N/A
4.	Xadelta Sdn Bhd	Malaysia Investment Holding	10/7/2012	-	N/A
5.	Agensi Pekerjaan Jobsonet Sdn Bhd	Malaysia Property	25/6/2012	-	N/A
6.	Akinos Sdn Bhd	Malaysia Property	16/7/2007	-	N/A
7.	Binasoil Sdn Bhd	Malaysia Property	25/6/2012	-	N/A
8.	Cavenhill Associates Sdn Bhd	Engineering Consultancy	1/10/2012	27/12/2016	N/A

Save as disclosed, no Director nor member of the senior management team set out in 5.3 below has in the 5 years prior to the date of this Company Description:

- (i) had any convictions in relation to fraudulent offences;
- (ii) been a director or a member of the administrative, management or supervisory body of any company which has been placed in receivership or liquidation whilst he was acting in that capacity for that company;
- (iii) been a partner in or a member of the administrative, management or supervisory body of any partnership placed into liquidation where such director was a partner or a member of the administrative, management or supervisory body at the time of or within the 12 months preceding such event;
- (iv) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory body of any entity or from acting in the management or conduct of the affairs of any entity.

The Company holds Directors and Officers insurance for the benefit of the Board members .

5.2 COMPANY SECRETARY

London Registrars Ltd of Suite A, 6 Honduras St, London EC1Y 0TH, United Kingdom is engaged as the Company Secretary. The team consists of Mr Alex Mair, who is an experienced company secretary and Fellow of the Institute of Chartered Secretaries (ICSA). Alex's special experience is in meeting management (boards, committees, AGMs). He is supported by the company secretarial team which includes Angus Banks who is a Graduate ICSA.

5.3 MANAGEMENT TEAM

Operational management of the Group will, from Admission, be carried out at Hard Rock Capital Limited (the Company's principal operating company). The principal executives are as follows:

Datuk Noorusaadah Othman

Chief Executive Officer

Noorusa'adah studied at the Malaysian University of Technology MARA (UiTM) in Malaysia where she obtained a Diploma in Business Studies majoring in Insurance and also at the London School of Foreign Trade where she obtained a Diploma in Business Administration and Management. After graduating with a Bachelor of Science (Honours) in Insurance of Investment from the City University Business School (CUBS) in London, she continued with post-graduate studies at CUBS and obtained a Master of Science Degree in Investment Management. She worked as fund manager and CEO of a fund management company as well as corporate adviser in several corporations from the mid to late 1990s before joining ISY Holdings Group of Companies in 1997. She was a board member of more than 35 private and public companies in the group in a wide range of sectors including investment holding companies, property development, construction, water concession, hotels and hospitality industry, entertainment industry, credit and leasing, radio broadcasting and aviation industry. In 2013, she co-founded Citra Genting Sdn Bhd, a property development company as well as ventured into co-creating the largest Hard Rock Café franchise. She has been engaged with the Group since November 2013.

Param Suppiah

Acting Chief Operating Officer

Param Suppiah completed his STPM/GCE 'A' Level's in 1982 at St. Michael's Institution. Started his career in 1983 with Merlin Inn Resort Cameron Highlands as an Accounts Clerk and he has 10 years' experience in hotel accounting/financing before moving into hotel operations and later into project developments. In 1989 he joined HPL Hotels & Resorts – starting as Management Trainee until his last designation as Group Special Project Manager (Malaysia) with Concorde Hotel Kuala Lumpur. In 1999 he was assigned as the Project Head-spearheading the construction and completion of boutique hotel and residences – Casa Del Rio Hotel and Casa del Rio Residences in Melaka, Hard Rock Café Melaka and Maalifushi by Como, Maldives. Param has a broad knowledge of development business and brings over 33

years of experience in hospitality, finance, design, construction and management both locally and internationally. He joined the Group in October 2014.

Azlan Ibrahim

Chief Financial Officer

Azlan graduated in Bachelor of Commerce majoring in Accounting from Australian National University in 1985. He is a member of chartered practicing accountants in Australia and Malaysia (ASCPA and MICPA respectively). He started his career in Arthur Andersen (now Ernst & Young) as an Audit Assistant in 1985 and left as an Audit Senior, which gives him a wealth of exposure and experiences in various industries. He later moved to Bank of Commerce as Senior Bank Officer- Corporate Banking. Subsequently he headed the finance department of Kuala Lumpur City Centre (KLCC), a company focusing on property management which manages the KLCC, the world tallest Twin Tower, and one of the most prestige establishment in Malaysia.

For the following 15 years of his career, Azlan ventured into the financial advisory services industries within the South East Asian region, namely Thailand, Vietnam and Indonesia, in the timber, telco, oil & gas engineering and chemical industries.

In Azlan's last position as Chief Investment Officer for FELDA Investment Corporation Sdn Bhd, he heads the investment team managing RM2.5 bil funds where his team deals with merger and acquisition (M&A) of various private equity and IPO ventures within the prospective companies of FELDA group of companies. He joined the Group in October 2017.

5.4 ORGANISATION CHART

The organisation chart of the management team, at Admission, is below. The Group is recruiting for the further management roles noted as "TBH" commensurate with the development of the Group's operational activity. The Directors expect that all of the roles noted as "TBH" will be filled shortly after Admission.



6. FINANCIAL INFORMATION

The financial information provided on the following pages comprises:

- 6 A Audited consolidated financial statements of the Operating Group for the period to 31 December 2016
- 6 B Unaudited interim consolidated financial statements of the Operating Group for the six month period to 30 June 2017
- 6 C Accountants' Report on the Historical Financial Information of the Company
- 6 D Unaudited proforma statement of net assets of the Group

Operating Performance of the initial two cafés

The Group commenced operation of the Hard Rock Café in Hangzhou on 28 Oct 2016 and the Hard Rock Café Shanghai on the 25 Dec 2016, effective in operations for 10 and 8 months respectively.

For the half-year period ending 30 June 2017, the Operating Group recorded total revenue of approximately \$3.5 mil from both Hangzhou Café and Shanghai Café, with each contributing \$1.5 mil and \$2.0 respectively. For the same period, the net loss recorded for each of the cafés were \$0.2 mil and \$0.3mil respectively.

The two existing cafes have operated, in the eleven months to 30 November 2017, with average monthly revenues of:

Shanghai	\$353,000
Hangzhou	\$218,000

Average monthly EBITDA in the period is:

Shanghai	\$(40,000)
Hangzhou	\$(20,000)

Management believes that the current operational team has the required skills and experience to successfully build and open cafes. On the completion of the acquisition of the operating group by the

Company, the Company will be able to inject the required sales and marketing skills to develop the existing (and future) cafes in order to drive on-going operational performance. With this injection of further skills, coupled with a professional marketing campaign, management believes that each of the existing cafes will be operating profitably within a 3 – 6 month period following Admission.

Additionally, as further cafes are opened, the Group will benefit from economies of scale in areas such as purchasing, which will further enhance the profitability of the individual units.

Audited Financial statements of the Operating Group to December 2016

The opinion of the auditors of the Operating Group, Flexkin & Co., Certified Public Accountants, Hong Kong, whilst not qualified, includes an emphasis of matter concerning the Operating Group's ability to continue as a going concern.

The Operating Group recorded a net loss from operations of \$4.076 million as at 31 December 2016. The Operating Group has been funded by investors via redeemable and convertible preference shares (RCPS) of AHL. As at 31 Dec 2016, these advances to AHL totalling approximate \$10.716 million for RCPS and were classified as a loan from a shareholder (\$8.483 million) and interest payables (\$2.233 million) in the audited report.

Subsequently on 5th Sept 2017 the said RCPS has been successfully registered in HK Registry as ordinary shares of AHL and the loan amount was converted into equity capital. This puts the Operating Group's capitalisation back to a net assets position of \$10.319 million from a net liabilities of \$3.429 million.

Net liabilities of the Operating Group as at 31 December 2016	\$ (3,429,000)
Loan converted into equity 5 September 2017	\$ 13,748,000
Net Asset of the Operating Group as at 5 September 2017	\$ 10,319,000

Share Capital as at 31.12 2016	\$ 800,000
Loan converted into equity 5 September 2017	\$ 13,748,000
Total share Capital	\$ 14,548,000
Accumulated losses as at 31 December 2016	\$ (4,150,000)
Total equity	\$ 10,398,000

The Directors are of the opinion that this conversion to equity along with the Placing on Admission places the Group on a sound going concern basis.

6 A AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HARD ROCK CAPITAL LIMITED AND ITS
SUBSIDIARIES FOR THE PERIOD TO 31 DECEMBER 2016

ADA HOLDINGS LIMITED

Reports and Consolidated Financial Statements
for the year ended December 31, 2016

ADA HOLDINGS LIMITED
for the year ended December 31, 2016

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ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Report of the Director

Report of the Director

The director presents his report and the audited consolidated financial statements of the Group for the year ended December 31, 2016.

Principal activities

The principal activities of the Company are engaging in investment holding and providing consultancy service. There were no significant changes in the nature of the Company's principal activities during the year.

The principal activities of the subsidiaries are set out in note 1 to the financial statements.

Result and appropriations

The results of the Group for the year ended December 31, 2016 and the state of Group's affairs at that date are set out in the financial statements on pages 7 to 35.

Property, plant and equipment

Details of movements in the Group's property, plant and equipment during the year are set out in Note 13 of the financial statements.

Share Capital

Details of movements in the Company's share capital during the year, together with the reasons thereof, are set out in Note 21 to the financial statements.

Reserves

Details of movements in the Group's reserves during the year are set out in the consolidated statement of changes in equity on page 10.

Directors

The directors of the Company during the year and up to the date of this report were:

NOORUSAADAH BINTI OTHMAN	
ROSLINA BINTI IBRAHIM	(appointed on August 08, 2016)
ABD HADI BIN ABD MAJID	(appointed on August 08, 2016)

There being no provision in the Company's articles of association for retirement, all the director shall continue to hold office in the ensuing year.

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Report of the Director

Report of the Director (Cont'd)

Permitted indemnity provision

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more directors of the Group.

Business review

The Company falls within reporting exemption for the year. Accordingly, the Group is exempted from preparing a business review.

Arrangements to purchase shares or debentures

At no time during the year was the Company, its subsidiaries or parent companies, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in contracts

No contracts of significance to which the Company, its subsidiaries or parent companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Auditors

During the year, Messrs. Stephen M.S. Lai & Co. CPA Limited resigned as auditors of the Company and Messrs. Flexkin & Co. were appointed by the directors to fill the casual vacancy so arising. A resolution for the reappointment of Messrs. Flexkin & Co. as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board



NOORUSAADAH BINTI OTHMAN
Hong Kong
22 AUG 2017



Independent Auditor's Report

To the Members of
ADA HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **ADA HOLDINGS LIMITED** and its subsidiaries ("the Group") set out on pages 7 to 35, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 5 in the financial statements, which indicates that the Group incurred a net loss of US\$ 4,075,881 during the year ended December 31, 2016 and, as of that date, the Group's current liabilities exceeded its total assets by US\$ 4,258,559. As stated in Note 5, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Independent Auditor's Report (cont'd)

To the Members of
ADA HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

Other Information

The director is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Director and Those Charged with Governance for the Consolidated Financial Statements

The director is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the Hong Kong Companies Ordinance, and for such internal control as the director determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent Auditor's Report (cont'd)

To the Members of
ADA HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the [consolidated] financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditor's Report (cont'd)

To the Members of
ADA HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Flexkin & Co.
Certified Public Accountants (Practising)
Chong Kin Ho
Practising number: P04993

22 AUG 2017

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Consolidated Statement of Profits or Loss and Other Comprehensive Income

Consolidated Statement of Profits or Loss and Other Comprehensive Income

	<i>Note</i>	2016 US\$	2015 US\$
Turnover	7	423,888	-
Cost of sales		<u>(394,530)</u>	<u>(25,875)</u>
Gross profit		29,358	(25,875)
Other income	7	34,277	1,004
Selling and distribution costs		(543,709)	-
General and administrative expenses		<u>(1,283,823)</u>	<u>(956,080)</u>
Loss from operations		(1,763,897)	(980,951)
Finance costs	8	<u>(2,233,345)</u>	<u>-</u>
Loss before tax	9	(3,997,242)	(980,951)
Income tax expense	11	<u>-</u>	<u>-</u>
Loss for the year		(3,997,242)	(980,951)
Translation of foreign operation, net of tax		<u>(78,639)</u>	<u>-</u>
Total comprehensive income for the year		<u>(4,075,881)</u>	<u>(980,951)</u>
Total comprehensive loss for the year attributable to equity holder		<u>(4,075,881)</u>	<u>(980,951)</u>
Basic earnings per share	12	<u>(13.88)</u>	<u>(98.10)</u>
Diluted earnings per share	12	<u>(13.88)</u>	<u>(98.10)</u>

ADA HOLDINGS LIMITED
as at December 31, 2016
Consolidated Statement of Financial Position

Consolidated Statement of Financial Position

	<i>Note</i>	2016 US\$	(Restated) 2015 US\$	(Previously stated) 2015 US\$
Non-Current Assets				
Property, plant and equipment	13	1,225,141	-	-
Intangible assets	14	619,817	-	-
		<u>1,844,958</u>	<u>-</u>	<u>-</u>
Current Assets				
Construction in progress	15	894,321	-	-
Inventories	16	280,658	-	-
Prepayments and other receivables		512,959	-	-
Amount due from related company	17	1,680,916	200,000	200,000
Cash and cash equivalents	18	2,222,579	829,624	829,624
		<u>5,591,433</u>	<u>1,029,624</u>	<u>1,029,624</u>
Current Liabilities				
Trade payables		685,595	-	-
Interest payables	20	2,233,345	-	-
Accruals and other payables		182,888	1,300	1,300
Amount due to a shareholder	19	7,070	-	-
Amount due to a director	19	103,052	2,009,712	2,009,720
		<u>3,211,950</u>	<u>2,011,012</u>	<u>2,011,020</u>
Net Current Assets / (Liabilities)		<u>2,379,483</u>	<u>(981,388)</u>	<u>(981,396)</u>
Total Assets Less Current Liabilities		<u>4,224,441</u>	<u>(981,388)</u>	<u>(981,396)</u>
Non-Current Liabilities				
Loan from a shareholder	20	8,483,000	-	-
Net Liabilities		<u>(4,258,559)</u>	<u>(981,388)</u>	<u>(981,396)</u>

ADA HOLDINGS LIMITED
as at December 31, 2016
Consolidated Statement of Financial Position

Consolidated Statement of Financial Position (Cont'd)

	<i>Note</i>	2016 US\$	(Restated) 2015 US\$	(Previously stated) 2015 US\$
Capital and Reserves				
Share capital	21	800,000	1,290	1,282
Accumulated losses		<u>(5,058,559)</u>	<u>(982,678)</u>	<u>(982,678)</u>
Total equity		<u>(4,258,559)</u>	<u>(981,388)</u>	<u>(981,396)</u>

Approved and authorised for issue by the Board of Directors on 22 AUG 2017 .



NOORUSAADAH BINTI OTHMAN



ROSLINA BINTI IBRAHIM

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

	<i>Note</i>	Share capital US\$	Exchange reserve US\$	Accumulated losses US\$	Total US\$
At January 1, 2015 as previously stated		1,282	-	(1,727)	(445)
Restatement	26	<u>8</u>	<u>-</u>	<u>-</u>	<u>8</u>
At January 1, 2015 as restated		1,290	-	(1,727)	(437)
Loss for the year		<u>-</u>	<u>-</u>	<u>(980,951)</u>	<u>(980,951)</u>
At December 31, 2015		1,290	-	(982,678)	(981,388)
Issuance of shares	21	798,710	-	-	798,710
Exchange differences on translating foreign operations		-	(78,639)	-	(78,639)
Loss for the year		<u>-</u>	<u>-</u>	<u>(3,997,242)</u>	<u>(3,997,242)</u>
At December 31, 2016	21	<u>800,000</u>	<u>(78,639)</u>	<u>(4,979,920)</u>	<u>(4,258,559)</u>

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows

	<i>Note</i>	2016 US\$	2015 US\$
Cash flows from operating activities			
Loss before tax		(3,997,242)	(980,951)
Adjustments for:			
Bank interest incomes		(1,460)	(1,004)
Loan interest expenses		2,233,345	-
Depreciation of property, plant and equipment		94,832	-
Amortization of intangible assets		56,095	-
Exchange difference on translating foreign operation		(78,639)	-
		<u>(1,693,069)</u>	<u>(981,955)</u>
Operating cash flows before movements in working capital:			
Increase in construction in progress		(894,321)	-
Increase in inventories		(280,658)	-
Increase in prepayments and other receivables		(512,959)	-
Increase in trade payables		685,595	-
Increase in accruals and other payables		<u>181,588</u>	<u>650</u>
Cash used in operations		(2,513,824)	(981,305)
Interest incomes		<u>1,460</u>	<u>1,004</u>
Net cash used in operating activities		<u>(2,512,364)</u>	<u>(980,301)</u>
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		(1,319,973)	-
Payments for acquisition of intangible assets		<u>(675,912)</u>	<u>-</u>
Net cash generated from investing activities		<u>(1,995,885)</u>	<u>-</u>
Cash flows from financing activities			
Increase in amount due to related companies		(1,480,916)	(200,000)
Increase in amount due to a shareholder		7,070	-
Decrease / (Increase) in amount due to a director		(1,906,660)	999,975
Proceeds from loan from a shareholder		8,483,000	-
Proceeds from issuing ordinary shares		<u>798,710</u>	<u>-</u>
Net cash generated from financing activities		<u>5,901,204</u>	<u>799,975</u>

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows (Cont'd)

	<i>Note</i>	2016 US\$	2015 US\$
Net increase / (decrease) in cash and cash equivalents		1,392,955	(180,326)
Cash and cash equivalents at the beginning of the reporting period		<u>829,624</u>	<u>1,009,950</u>
Cash and cash equivalents at the end of the reporting period		<u>2,222,579</u>	<u>829,624</u>
Cash on hand		5,146	-
Cash at bank		<u>2,217,433</u>	<u>829,624</u>
Cash and cash equivalents	<i>18</i>	<u>2,222,579</u>	<u>829,624</u>

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

1. Corporate Information

The Company is a private company incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business of the Company is Room 2104, Mongkok Commercial Centre, 16 Argyle Street, Mongkok, Kowloon, Hong Kong.

The operations of the Group consist of investment holding, providing consultancy service and restaurant management mainly in PRC.

The subsidiaries included in the consolidation and the proportion of ownership interest of the Group as of December 31, 2016 are as follows:

Name	Place of incorporation and operations	Date of incorporation	Percentage of ownership interest attributable to the Company
HRC Shanghai (Hong Kong) Limited	Hong Kong	11/11/2015	Directly: 100%
HRC Hangzhou (Hong Kong) Limited	Hong Kong	11/11/2015	Directly: 100%
Ada Ventures China Café Management & Trading Co., Limited (奧味餐飲管理(上海)有限公司)	People's Republic of China	09/03/2016	Directly: 100%
Shanghai Ou Yue Food And Bar Management Co., Ltd (上海歐悅餐飲管理有限公司)	People's Republic of China	19/05/2016	Indirectly: 100%
Miaoshi Food And Food And Bar Management (Hangzhou) Co., Ltd (妙食餐飲管理(杭州)有限公司)	People's Republic of China	11/05/2016	Indirectly: 100%

The principal activities of the consolidated subsidiaries are as follows:

Name	Principal activities
HRC Shanghai (Hong Kong) Limited	Investment holding
HRC Hangzhou (Hong Kong) Limited	Investment holding
Ada Ventures China Café Management & Trading Co., Limited (奧味餐飲管理(上海)有限公司)	Restaurant management
Shanghai Ou Yue Food And Bar Management Co., Ltd (上海歐悅餐飲管理有限公司)	Food and bar management and services
Miaoshi Food And Food And Bar Management (Hangzhou) Co., Ltd (妙食餐飲管理(杭州)有限公司)	Restaurant management, hot meal manufacturing and selling, cold meal manufacturing and selling, bakery.

The consolidated financial statements are presented in United States dollars, which is also the functional currency of the Group.

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2. First Time Adoption of International Financial Reporting Standards ("IFRSs")

The Company's financial statements for the year from January 1, 2016 to December 31, 2016 are the first financial statements prepared in accordance with the IFRS, which is the beginning of the earliest period presented.

The Company's transition date is January 1, 2016. The Company prepared its opening IFRS statement of financial position at that date.

The Company has applied all the mandatory exceptions from full retrospective application of the IFRS. Previously, the Company presents the most recent financial statements under the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS").

Group reconciliation of equity as at January 1, 2016 (date of transition to IFRS)

	SME-FRS as at January 1, 2016 US\$	Re- measurements 2016 US\$	IFRS as at January 1, 2016 US\$
Current Assets			
Amount due from related companies	200,000	-	200,000
Cash and cash equivalents	829,624	-	829,624
	<u>1,029,624</u>	<u>-</u>	<u>1,029,624</u>
Current Liabilities			
Accruals and other payables	1,300	-	1,300
Amount due to a director	2,009,712	-	2,009,712
	<u>2,011,012</u>	<u>-</u>	<u>2,011,012</u>
Net Current Liabilities	<u>(981,388)</u>	<u>-</u>	<u>(981,388)</u>
Total Assets Less Current Liabilities	<u>(981,388)</u>	<u>-</u>	<u>(981,388)</u>
Net Liabilities	<u>(981,388)</u>	<u>-</u>	<u>(981,388)</u>
Capital and Reserves			
Share capital	1,290	-	1,290
Accumulated losses	(982,678)	-	(982,678)
Total equity	<u>(981,388)</u>	<u>-</u>	<u>(981,388)</u>

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3. Application of new and revised International Financial Reporting Standards ("IFRSs")

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 *Regulatory Deferral Accounts*
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative
- Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortization
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants*
- Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012-2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

4. New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2017 or later, and which the Group has not early adopted. The Group is currently assessing the impact of the new standards on its consolidated financial statements.

- IFRS 9 "Financial Instruments" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers" (issued in May 2014 and effective for the periods beginning on or after 1 January 2018).
- IFRS 16 "Leases" (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019).
- Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017).

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4. New Accounting Pronouncements (Cont'd)

The following other new pronouncements are not expected to have any material impact on the Group when adopted:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (issued on 19 January 2016 and effective for annual periods beginning on or after 1 January 2017).
- Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 2, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 4, Insurance Contracts (issued on 12 September 2016 and effective for annual periods beginning on or after 1 January 2018).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly

5. Summary of Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards ("IFRS") and the requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

ADA HOLDINGS LIMITED
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Notes to Consolidated Financial Statements

5. Summary of Significant Accounting Policies (Cont'd)

These financial statements have also been prepared on a going concern basis notwithstanding the existence of the net current liabilities and shareholder's deficits position at the end of reporting period as the shareholder of the Company have undertaken to provide continuing financial support to the Company to meet its liabilities when they fall due.

Should the Company be unable to continue in business as a going concern, adjustments would have to be made to reclassify non-current assets as current assets, to reduce the value of assets to their recoverable amounts and to provide for any further liabilities which might arise.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements comprises the financial information of the Company and its subsidiaries as at, and for, the year ended 31 December of each year. Subsidiaries are consolidated from the date at which control was obtained by the Group, and cease to be consolidated from the date at which the Group no longer retains control.

Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

These financial statements are the consolidated financial statements of ADA Holdings Limited and entities controlled by it and its subsidiaries ("the Group").

Control is achieved when the investor

- (i) has power over the investee;
- (ii) is exposed or has rights to variable returns from its involvement with the investee; and
- (iii) has the ability to use its power to affect its returns.

If facts and circumstances indicate that there are changes to one or more of the three elements of control listed above, the investor shall reassess whether it controls the investee.

An investor can have power over an investee even if it holds less than a majority of the voting rights of an investee. All facts and circumstances are considered in assessing whether or not voting rights in an investee are sufficient to give it power, for example, through:

- (i) contractual arrangements with other vote holders;
- (ii) rights from other contractual arrangements that indicate that the company has the current ability to direct the relevant activities of the investee;
- (iii) the size of the company's holding of voting rights relative to the size and dispersion of holdings of other vote holders; or
- (iv) potential voting rights held by the company that are substantive.

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5. Summary of Significant Accounting Policies (Cont'd)

Investment in subsidiaries

Consolidation of a subsidiary begins from the date the investor gains control of an investee and ceases when the investor loses control of an investee.

The purchase, or acquisition, method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of the acquisition is measured as the fair value of assets transferred, equity instruments issued and liabilities incurred at the date of exchange.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Non-controlling interests in subsidiaries are presented in the consolidated statement of financial position separately from the equity attributable to equity owners of the parent company. Noncontrolling shareholders' interest may initially be measured either at fair value or at the noncontrolling shareholders' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on each acquisition individually. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Acquisitions or disposals of non-controlling interests which do not affect the parent company's control of the subsidiary are accounted for as transactions with equity holders. Any difference between the fair value of the amount paid or received and the change in non-controlling interests is recognised directly in equity.

When the Group ceases to have control of a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost with the adjustment being recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) Restaurant service incomes are recognized upon completion of the restaurant services;
- (ii) Consultancy service incomes are recognized upon completion of the consultancy services;
- (iii) Bank interest income is recognized as it accrues using the effective interest method.

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5. Summary of Significant Accounting Policies (Cont'd)

Foreign currency transactions

The Group's consolidated financial statements are presented in US dollars, which is also the parent company's functional 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.

Employee benefits

Salaries, annual bonuses and paid annually leave are accrued in the year in which the associated services are rendered by employees.

The obligations for contributions to defined contribution scheme are recognised as an expense in the consolidated statement of profits or loss and other comprehensive income as incurred. The assets of the scheme are held separately from those of the Group in an independent administered fund.

Impairment of assets

An assessment is made at each of the end reporting period to determine whether there is any indication of impairment of all assets or reversal of previous impairment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profits or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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5. Summary of Significant Accounting Policies (Cont'd)

Taxation (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Intangible Assets

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually. Other intangible assets are amortised from the date they are available for use. Intangible assets acquired separately are shown at historical cost less accumulated amortisation and impairment losses. Amortisation periods and methods are reviewed annually and adjusted if appropriate.

The useful lives are as follows:

Computer software	5 years
Restaurant franchise right	10 years

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful life used for depreciation are as follows:

Decoration	5 years
Furniture and fixtures	5 years
Electronic equipment	5 years

ADA HOLDINGS LIMITED
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5. Summary of Significant Accounting Policies (Cont'd)

Inventories

Inventories are valued at the lower of cost and net realisable value on a weighted average basis. Cost comprises purchase cost of goods, direct labour and those overheads related to manufacture and distribution based on normal activity levels.

Trade and other receivable

Trade receivables are amounts due from customer for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at mortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as noncurrent liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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5. Summary of Significant Accounting Policies (Cont'd)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably

Financial Assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 2 months; otherwise, they are classified as non-current.

(b) Loans and receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loan and receivables comprise 'Trade and other receivable' and 'cash and cash equivalents' in the statement of financial position.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

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5. Summary of Significant Accounting Policies (Cont'd)

Financial Assets (cont'd)

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of profits or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of profits or loss and other comprehensive income within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the consolidated statement of profits or loss and other comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profits or loss and other comprehensive income as 'gain and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of profits or loss and other comprehensive income as part of other income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payment is established.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously.

ADA HOLDINGS LIMITED
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5. Summary of Significant Accounting Policies (Cont'd)

Financial Assets (cont'd)

Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profits or loss and other comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profits or loss and other comprehensive income.

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5. Summary of Significant Accounting Policies (Cont'd)

Financial Assets (cont'd)

Impairment of financial assets (cont'd)

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated statement of profits or loss and other comprehensive income on equity instruments – are not reversed through the consolidated statement of profits or loss and other comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profits or loss and other comprehensive income.

6. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in these consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Functional currencies of different entities of the Group.

Different entities within the Group have different functional currencies, based on the underlying economic conditions of their operations. This determination of what the specific underlying economic conditions are requires judgement. In making this judgement, the Group evaluates among other factors, the location of activities, the sources of revenue, risks associated with activities and denomination of currencies of operations of different entities.

Useful lives of intangible assets and property, plant and equipment

The Group determines the estimated useful lives of its intangible assets and property, plant and equipment for calculating amortization and depreciation. This estimate is determined after considering the expected usage of the asset. Management reviews the residual value and useful lives annual and the future amortization and depreciation charge would be adjusted where management believes that the useful lives differ from current estimates.

ADA HOLDINGS LIMITED
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7. Revenue and Other Income

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

An analysis of the Group's revenue is as follows:

	2016 US\$	2015 US\$
Turnover	<u>423,888</u>	<u>-</u>
Other income		
Bank interest income	1,460	
Other income	<u>32,817</u>	<u>1,004</u>
	<u>34,277</u>	<u>1,004</u>
	<u>458,165</u>	<u>1,004</u>

8. Finance Costs

	2016 US\$	2015 US\$
Interest paid to a shareholder	<u>2,233,345</u>	<u>-</u>

9. Loss before Tax

The Group's loss before tax is arrived at after charging / (crediting):

	2016 US\$	2015 US\$
Amortization costs on intangible assets	50,000	-
Consultancy fee	-	950,000
Depreciation	104,210	-
Exchange losses, net	10,034	-
Operating leases	412,289	-
Staff costs	<u>250,464</u>	<u>-</u>

ADA HOLDINGS LIMITED
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10. Directors' Remuneration

No directors received any fees or emoluments in respect of their services rendered to the Company during the year (2015: Nil).

11. Income Tax Expense

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2015: Nil).

China subsidiaries are subject to China Income Tax at 25% (2015: Nil).

No deferred tax asset has been recognised in respect of such losses and temporary differences due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

The current tax charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2016 US\$	2015 US\$
Loss before tax	(3,997,242)	(980,951)
Tax on loss at domestic tax rates	(890,367)	(161,857)
Tax effect of non-taxable income	(121)	-
Tax effect of non-deductible expenses	371,072	-
Tax effect of unused tax losses not recognised	519,416	161,857
	-	-

12. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

ADA HOLDINGS LIMITED
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Notes to Consolidated Financial Statements

12. Earnings Per Share (Cont'd)

	2016 US\$	2015 US\$
Net loss from continuing operations attributable to ordinary shareholders	<u>(4,075,881)</u>	<u>(980,951)</u>
Weighted average number of ordinary shares for basic earnings per share	293,668	10,000
Basic earnings per share	(13.88)	(98.10)
Diluted earnings per share	<u>(13.88)</u>	<u>(98.10)</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

13. Property, Plant and Equipment

	Decoration US\$	Furniture and fixtures US\$	Electronic equipment US\$	Total US\$
Cost:				
At January 1, 2015	-	-	-	-
Additions	<u>1,028,396</u>	<u>58,409</u>	<u>233,168</u>	<u>1,319,973</u>
At December 31, 2016	<u>1,028,396</u>	<u>58,409</u>	<u>233,168</u>	<u>1,319,973</u>
Aggregate depreciation:				
At January 1, 2015	-	-	-	-
Provided for the year	<u>84,629</u>	<u>2,431</u>	<u>7,772</u>	<u>94,832</u>
At December 31, 2016	<u>84,629</u>	<u>2,431</u>	<u>7,772</u>	<u>94,832</u>
Net book value:				
At December 31, 2016	<u>943,767</u>	<u>55,978</u>	<u>225,396</u>	<u>1,225,141</u>
At December 31, 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Notes to Consolidated Financial Statements

14. Intangible Assets

	Restaurant franchise right US\$	Computer software US\$	Total US\$
Cost:			
At January 1, 2015	-	-	-
Additions	500,000	175,912	675,912
At December 31, 2016	500,000	175,912	675,912
Aggregate amortization			
At January 1, 2015	-	-	-
Provided for the year	50,000	6,095	56,095
At December 31, 2016	50,000	6,095	56,095
Net book value:			
At December 31, 2016	450,000	169,817	619,817
At December 31, 2015	-	-	-

The Group has restaurant franchise right and computer software with carrying amount of US\$450,000 and US\$169,817 and a remaining amortization period of 9 years 4 years respectively.

15. Construction in progress

	2016 US\$	2015 US\$
Construction in progress	894,321	-

The carrying amount of construction in progress carried at cost represent equipment installation and plant renovation as at the end of the reporting period.

16. Inventories

	2016 US\$	2015 US\$
Material procurement	158,351	-
Goods in transit	9,227	-
Merchandise inventory	113,080	-
	280,658	-

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Notes to Consolidated Financial Statements

17. Amount Due from a Related Company

	2016 US\$	2015 US\$
Amounts due from a related company	<u>1,680,916</u>	<u>200,000</u>

Name	December 31, 2016 US\$	Maximum amount outstanding during the year US\$	January 1, 2016 US\$
Ada Ventures (Malaysia) Sdn Bhd	<u>1,680,916</u>	<u>1,680,916</u>	<u>200,000</u>

NOORUSAADAH BINTI OTHMAN, shareholder and director of ADA Holdings Limited, is also a shareholder and director of Ada Ventures (Malaysia) Sdn Bhd.

18. Cash and Cash Equivalents

	2016 US\$	2015 US\$
Cash on hand	5,146	-
Cash at bank	<u>2,217,433</u>	<u>829,624</u>
Cash and cash equivalents	<u>2,222,579</u>	<u>829,624</u>

19. Amounts due to a Shareholder / a Directors

The amounts due to a shareholder / a director are unsecured, interest-free and have no fixed terms of repayment.

20. Loan from a Shareholder

At the end of reporting period, the Company was granted a loan from a shareholder to the extent of USD 8,483,000. Loan from a shareholder are interest-bearing at 50% p.a. and to reduce yearly by 10% p.a. to final rate of 10% p.a. unsecured, and has no fixed term of repayment, and the carrying amount approximates its fair value.

The principal loan amount to be subsequently converted to equity upon issuance of Redeemable, Cumulative and Convertible Preference Shares ("RCCPS") pursuant to subscription agreement between the Company and the shareholder.

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Notes to Consolidated Financial Statements

21. Share Capital

	2016	(Restated) 2015	2015
	US\$	US\$	US\$
Issued and fully paid			
10,000 ordinary shares of HK\$1 each	-	1,290	1,282
10,000 ordinary shares of US\$0.129 each	1,290	-	-
798,710 ordinary shares of US\$ 1 each	798,710	-	-
	<u>800,000</u>	<u>1,290</u>	<u>1,282</u>

During the year, the movements in share capital were as follows:

- (a) Pursuant to a special resolution passed on August 23, 2016, the 10,000 ordinary shares of HK\$ 1 each had been redenominated into US\$ 1,290.
- (b) Pursuant to a special resolution passed on August 23, 2016, the 798,710 ordinary shares of US\$ 1 each had been issued for working capital.
- (c) A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follow:

	Number of shares	Issued share capital US\$
At January 1, 2016 (a)	10,000	1,290
New issues in ordinary shares (b)	798,710	798,710
	<u>808,710</u>	<u>800,000</u>

22. Capital Management

Capital comprises of share capital and reserves stated on the consolidated statement of financial statements. The Group's objective when managing capital is to provide sufficient resources to allow the continued investment in new products that is required in the rapidly changing market in which the Group operates and to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders.

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Notes to Consolidated Financial Statements

23. Financial Instruments

(i) Financial instruments by category

Financial assets

At the end of the reporting period, the Group's financial assets including trade and other receivables and cash and bank are categorized as loans and receivables for both years presented.

Financial liabilities

The Group's financial liabilities including trade and other payables, are categorized as financial liabilities at amortised cost for both years presented.

(ii) Financial risk management

Exposure to foreign currency, credit, liquidity and cash flow interest rate risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

Foreign currency risk

The Group has some exposure to foreign currency risk. The Group purchases and sells in various foreign currencies, mainly Renminbi that exposes it to foreign currency risk arising from such purchases and sales and the resulting receivables and the payables. However, the Group continuously monitors its foreign currency position.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of reporting period in relation to each class of recognized financial assets is the carrying amounts of those assets as stated in the statement of financial position.

To minimise this risk the Group has a policy of only dealing with customers who have either demonstrated creditworthiness or can provide sufficient collateral. To determine previous creditworthiness the Group makes use of independent rating agencies, other publicly available financial information and its own trading records. The Group's exposure and its customers creditworthiness is continually monitored so that any potential problems are detected at an early stage. In addition credit limits are set in order to minimise credit exposure.

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Notes to Consolidated Financial Statements

23. Financial Instruments (Cont'd)

(ii) Financial risk management (Cont'd)

Liquidity risk

The directors have ultimate responsibility for liquidity risk management in maintaining adequate reserves, banking facilities and reserve borrowing facilities. They do this by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay.

	2016			
	Carrying amount US\$	Total contractual undiscounted cash flows US\$	Within 1 year or on demand US\$	Over 1 year but less than 5 years US\$
Trade payables	685,595	685,595	685,595	-
Interest payables	2,233,345	2,233,345	2,233,345	-
Accruals and other payables	182,888	182,888	182,888	-
Amount due to a shareholder	7,070	7,070	7,070	-
Amount due to a director	103,052	103,052	103,052	-
	<u>3,211,950</u>	<u>3,211,950</u>	<u>3,211,950</u>	<u>-</u>
	2015 (Restated)			
	Carrying amount US\$	Total contractual undiscounted cash flows US\$	Within 1 year or on demand US\$	Over 1 year but less than 5 years US\$
Accruals and other payables	1,300	1,300	1,300	-
Amount due to a director	2,009,712	2,009,712	2,009,712	-
	<u>2,011,012</u>	<u>2,011,012</u>	<u>2,011,012</u>	<u>-</u>
	2015			
	Carrying amount US\$	Total contractual undiscounted cash flows US\$	Within 1 year or on demand US\$	Over 1 year but less than 5 years US\$
Accruals and other payables	1,300	1,300	1,300	-
Amount due to a director	2,009,720	2,009,720	2,009,720	-
	<u>2,011,020</u>	<u>2,011,020</u>	<u>2,011,020</u>	<u>-</u>

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Notes to Consolidated Financial Statements

23. Financial Instruments (Cont'd)

(ii) Financial risk management (Cont'd)

Interest rate risk

The Group's exposure on fair value interest rate risk mainly arises from its bank balances, loan from holding company. Due to short term natures, the exposure is considered not significant. The Group does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

24. Statement of Financial Position of the Company

Company-Level Statement of Financial Position

	2016 US\$	(Restated) 2015 US\$	(Previously stated) 2015 US\$
Non-Current Assets			
Investment in subsidiary	300,000	-	-
Current Assets			
Amount due from subsidiaries	6,075,291	-	-
Amount due from related company	1,150,916	200,000	200,000
Cash and cash equivalents	902,133	829,624	829,624
	<u>8,128,340</u>	<u>1,029,624</u>	<u>1,029,624</u>
Current Liabilities			
Accruals and other payables	11,613	1,300	1,300
Amount due to a shareholder	7,070	-	-
Amount due to a director	103,052	2,009,712	2,009,720
	<u>121,735</u>	<u>2,011,012</u>	<u>2,011,020</u>
Net Current Assets / (Liabilities)	<u>8,006,605</u>	<u>(981,388)</u>	<u>(981,396)</u>
Total Assets Less Current Liabilities	<u>8,306,605</u>	<u>(981,388)</u>	<u>(981,396)</u>
Non Current Liabilities			
Loan from a shareholder	10,716,345	-	-
Net Liabilities	<u>(2,409,740)</u>	<u>(981,388)</u>	<u>(981,396)</u>
Capital and Reserves			
Share capital	800,000	1,290	1,282
Accumulated losses	(3,209,740)	(982,678)	(982,678)
Total equity	<u>(2,409,740)</u>	<u>(981,388)</u>	<u>(981,396)</u>

ADA HOLDINGS LIMITED
for the year ended December 31, 2016
Notes to Consolidated Financial Statements

25. Statement of Changes in Equity

Company-Level Statement of Changes in Equity			
	Share capital US\$	Accumulated losses US\$	Total US\$
At January 1, 2015 as previously stated	1,282	(1,727)	(445)
Restatement	8	-	8
At January 1, 2015 as restated	1,290	(1,727)	(437)
Loss for the year	-	(980,951)	(980,951)
At December 31, 2015	1,290	(982,678)	(981,388)
Issuance of shares	798,710	-	798,710
Loss for the year	-	(2,227,062)	(2,227,062)
At December 31, 2016	800,000	(3,209,740)	(2,409,740)

26. Prior Year Adjustments

On November 13, 2013, the Company issued 10,000 ordinary shares of HK\$ 1 each. The Company wrongly translated HK\$10,000 into US\$ 1,282 in respect of US\$1,290.

The restated financial statements have been done at the year ended December 31, 2016.

The impact of the prior year adjustments regarding above are as follows:

<i>Statement of financial position</i>	(Restated) 2015 US\$
Increase in share capital	8
Decrease in amount due to a director	(8)
Decrease in net asset value	(8)

27. Comparative Figures

Certain comparative figures have been reclassified and to conform to the current year's presentation.

28. Approval of the Financial Statements

The financial statements set out on pages 5 to 35 were approved and authorised for issue by the Board of Directors on **22 AUG 2017**.

6 B UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF HARD ROCK CAPITAL LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTH PERIOD TO 30 JUNE 2017

INTERIM CONSOLIDATED FINANCIAL INFORMATION OF THE OPERATING GROUP

Set out below are the unaudited results of the Operating Group for the six months ended 30 June 2017 and 30 June 2016.

Consolidated Statement of Comprehensive Income

The consolidated statements of comprehensive income of the Operating Group for the six-month period ended 30 June 2017 and 30 June 2016 is set out below:

		Six months ended June 30 2017 \$000 (Unaudited)	(Restated) Six months ended June 30 2016 \$000 (Unaudited)
	<i>Note</i>		
Turnover		3,546	-
Cost of sales		(1,911)	-
Gross profit		1,635	-
General and Administrative expenses		(2,513)	(48)
Operating loss		(878)	(48)
Finance costs		(2,037)	(1,095)
Loss on ordinary activities before taxation		(2,915)	(1,143)
Income tax expense	4	-	-
Loss after taxation		(2,915)	(1,143)
Loss after taxation brought forward			
Other comprehensive income			
Translation of foreign operations		77	-
Total comprehensive loss attributable to owners of the parent		(2,838)	(1,143)
Basic and diluted loss per share attributable to owners of the Operating Group (\$)	12	(3.60)	(114.30)

Consolidated Statements of Financial Position

The consolidated statements of financial position of the Operating Group as at 30 June 2017 and 31 December 2016 is set out below:

	Note	30 June 17 \$000 (Unaudited)	(Restated) 31 Dec 16 \$000
Non-current assets			
Property, plant and equipment	6	2,714	1,225
Intangible assets	7	1,374	1,450
		4,088	2,675
Current assets			
Construction in progress		-	894
Inventories		211	280
Prepayments and other receivables	8	1,125	513
Amount due from related companies	10	1,777	1,681
Cash and cash equivalents		644	2,223
		3,757	5,591
Current liabilities			
Trade payables		245	686
Interest payable		4,271	2,233
Accruals and other payables		417	183
Amount due to a shareholder	10	7	7
Amount due to a director	10	103	103
		5,043	3,212
Non- Current liabilities			
Loan from a shareholder	9	9,069	8,483
		(6,267)	(3,429)
Net Liabilities			
Equity			
Share capital	12	800	800
Translation reserve		(2)	(79)
Accumulated losses		(7,065)	(4,150)
		(6,267)	(3,429)
Total Equity			

Consolidated Statement of Changes in Equity

<i>(Unaudited)</i>	Share capital \$000	Translation reserve \$000	Accumulated losses \$000	Total equity \$000
Balance at 1 January 2016	1	-	(983)	(982)
Adjustment regarding prior periods (<i>note 15</i>)	-	-	926	926
Loss for the six months ended 30 June 2016	-	-	(1,143)	(1,143)
Balance at 30 June 2016	1	-	(1,200)	(1,199)
Issuance of shares	799	-	-	799
Other comprehensive loss Loss for the six months ended 31 December 2016	-	-	(2,950)	(2,950)
Exchange difference on foreign currency translation	-	(79)	-	(79)
Balance at 31 December 2016	800	(79)	(4,150)	(3,429)
Other comprehensive loss Loss for the six months ended 30 June 2017	-	-	(2,915)	(2,915)
Exchange difference on foreign currency translation	-	77	-	77
Balance at 30 June 2017	800	(2)	(7,065)	(6,267)

Consolidated Statement of Cash Flows

The consolidated statements of cash flows for the Operating Group for the six-month period ended 30 June 2017 and the six-month period ended 30 June 2016 are set out below:

	Six Months ended 30 June 2017 \$000 (Unaudited)	Six Months ended 30 June 2016 \$000 (Unaudited)
Cash flow from operating activities		
Loss for the period before taxation	(2,915)	(1,143)
Adjustment for:		
Bank interest incomes		
Loan interest expenses	2,037	1,095
Depreciation of property, plant and equipment	247	-
Amortization of intangible assets	91	48
Operating cash flows before movements in working capital	(540)	-
Decrease in construction in progress	893	-
Decrease in inventories	70	-
Increase in prepayments and other receivables	(613)	(64)
Increase in amount due to related companies	(96)	(200)
Decrease in trade and other payables	(207)	-
Cash absorbed in operating activities	(493)	(264)
Interest paid	-	-
Net cash absorbed in operating activities	(493)	(264)
Cash flows (for) investing activities		
Payments for acquisition of property, plant and equipment	(1,709)	-
Net cash used in investing activities	(1,709)	-
Cash flows from financing activities		
Proceeds from loan from a shareholder	587	100
Net cash used in financing activities	587	100
Net decrease in cash & cash equivalents	(1,615)	(164)
Effects of foreign exchange translation	36	-
Cash and equivalent at beginning of period	2,223	830
Cash and equivalent at end of period	644	666

Notes to the Interim Financial Information

1. General information

The consolidated financial information incorporates the financial information of ADA Holdings Limited and entities controlled by ADA Holdings Limited (its subsidiaries) (together the “Operating Group”). Control is achieved where ADA Holdings Limited has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profits or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Operating Group.

All intra-company transaction, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the equity of the owners of ADA Holdings Limited.

The principal activities of the entities in the Operating Group, in addition to ADA Holdings Limited are as follows: -

Name of company	Country of incorporation	Principal activities
Hrc Shanghai (Hong Kong) Limited	Hong Kong	Investment holding
Hrc Hangzhou (Hong Kong) Limited	Hong Kong	Investment holding
Ada Ventures China Café Management & Trading Co., Limited (奥味餐飲管理(上海)有限公司)	People’s Republic of China	Restaurant management
Shanghai Ou Yue Food And Bar Management Co., Ltd (上海歐悅餐飲管理有限公司)	People’s Republic of China	Food and bar management services
Miaoshi Food And Food And Bar Management (Hangzhou) Co., Ltd (妙食餐飲管理(杭州)有限公司)	People’s Republic of China	Restaurant management, hot meal manufacturing and selling, cold meal manufacturing and selling, bakery.

There have been no significant changes in these activities during the relevant financial periods.

2. Presentational currency

The financial information has been presented in US Dollars (“\$”), the Operating Group’s presentational currency, and rounded into thousands (\$000) unless otherwise stated. The functional currency of the Operating Group is US Dollars (“\$”).

3. Summary of significant accounting policies

The consolidated financial information has been prepared in accordance with the accounting policies adopted by the Operating Group in the audited financial statements for the year ended 31 December

2016, and in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union ("EU").

However, the Operating Group has elected not to present the interim consolidated financial information in accordance with IAS 34: "Interim Financial Reporting".

4. Income Tax expense

The tax charge on the results has been calculated at the rates of tax prevailing in the countries in which the Operating Group operates, based on existing legislation, interpretation and practices in respect thereof.

5. Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Operating Group that are regularly reviewed by the chief operating decision maker (which takes the form of the Board of Directors) as defined in IFRS 8, in order to allocate resources to the segment and to assess its performance.

Based on management information no segmental reporting required as the business is generated from same geographical area and fall within same risk category.

Information on business segments is not presented on a basis of allocation of assets, capital expenditure and operations as this information is not included in the internal reporting provided to the chief operating decision maker.

Revenue

	Six months ended 30 June 2017 \$000	Six months ended 30 June 2016 \$000
Café operation	3,546	-
Total	3,546	-

Product and services revenue analysis

Revenue

	Six months ended 30 June 2017 \$000	Six months ended 30 June 2016 \$000
Food & beverages	2,943	-
Merchandise	603	-
Total	3,546	-

Management measures revenues by reference to the Operating Group's core services and products and related services, which underpin such income. No customer has accounted for more than 10% of total revenue during the periods presented.

Assets and liabilities are not fully allocated to the individual categories as such information is not provided to the chief operating decision maker, the CEO.

6. Property, plant and equipment

	Decoration		Furniture and fixtures		Computers & equipment		Total	
	30 Jun 17	31 Dec 16	30 Jun 17	31 Dec 16	30 Jun 17	31 Dec 16	30 Jun 17	31 Dec 16
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
Brought forward	1,028	-	58	-	233	-	1,320	-
Additions	1,447	1,028	32	58	231	233	1,709	1,320
Disposals								
Forex translation	25	-	2	-	5	-	32	-
Carried forward	2,500	1,028	92	58	469	233	3,061	1,320
Accumulated depreciation								
Brought forward	(84)	-	(2)	-	(8)	-	(95)	-
Depreciation	(195)	(84)	(8)	(2)	(45)	(8)	(247)	(95)
Forex translation	(5)	-	-	-	(1)	-	(6)	-
Carried forward	(284)	(84)	(10)	(2)	(54)	(8)	(348)	(95)
NBV b/fwd	944	-	56	-	225	-	1,225	-
NBV c/fwd	2,216	944	82	56	416	225	2,714	1,225

7. Intangible assets

	Franchise		Software		Total	
	30 Jun 17	31 Dec 16	30 Jun 17	31 Dec 16	30 Jun 17	31 Dec 16
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Brought forward	1,450	950	176	-	1,626	950
Additions	-	500	-	176	-	676
Forex translation	12	-	4	-	16	-
Carried forward	1,462	1,450	180	176	1,642	1,626
Accumulated amortisation						
Brought forward	(170)	(72)	(6)	-	(176)	(72)
Amortisation	(73)	(98)	(18)	(6)	(91)	(104)
Forex translation	(1)	-	-	-	(1)	-
Carried forward	(244)	(170)	(24)	(6)	(268)	(176)
NBV b/fwd	1,280	878	170	-	1,450	878
NBV c/fwd	1,218	1,280	156	170	1,374	1,450

8. Other receivables and prepayments

	30 Jun 17	31 Dec 16
	\$000	\$000
Other receivables	1,003	385
Deposits and prepayments	122	128
	1,125	513

9. Loans from shareholder

	30 Jun 17	31 Dec 16
	\$000	\$000
Advance from VCB (UK) plc	9,069	8,483

The loan from a shareholder is interest-bearing at 50% p.a. and to reduce yearly by 10% p.a. to final rate of 10% p.a. unsecured, and has no fixed term of repayment, and the carrying amount approximates its fair value.

On 5 September 2017 the principal loan amount plus interest, of \$13,747,676 was converted to equity upon issuance of 13,747,767 Ordinary Shares in ADA Holdings Limited pursuant to the subscription agreement between ADA Holdings Limited and the shareholder dated 31 May 2016.

10. Amounts due from/(to) related parties

	30 Jun 17	31 Dec 16
	\$000	\$000
Due from a related company		
Ada Ventures (Malaysia) Sdn Bhd	1,777	1,681
Due to related companies		
Shareholder - VCB (UK) plc	(7)	(7)
Director - Noorusa'adah Binti Othman	(103)	(103)

Noorusa'adah Binti Othman is also a shareholder and director of Ada Ventures (Malaysia) Sdn Bhd

11. Basic and diluted loss per share

	Unaudited 30 June 2017 \$000	Unaudited 30 June 2016 \$000
Loss for the period, used in the calculation of total basic and diluted loss per share	2,915	1,143
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	808,710	10,000
Basic and diluted loss per share attributable to owners of the Operating Group (\$)	3.60	114.30

12. Share capital

Analysis of consolidated issued share capital:

As at 30 June 2017 and 31 December 2016	Entity	Number of shares	Share Capital (\$000)
Ordinary shares of \$0.129 each	Noorusa'adah Binti Othman	10,000	1
Ordinary shares of \$1.00 each	VCB A.G.	798,710	799
			800

13. Significant related party transactions

	30 Jun 17 \$000	31 Dec 16 \$000
Amount owing to Director		
Noorusa'adah Binti Othman	103	103

All amounts are unsecured, interest-free and repayable on demand. The amounts are classified within current liabilities under Amounts due to/from directors.

14. Control

The Directors consider there to be no ultimate controlling party.

15. Prior period adjustments

The Operating Group has restated its financial information to adjust the revenue expenditure of \$950,000 made to the franchisor in respect of the development fees and technical service costs incurred in 2015. The correction is reflected in the carrying value of the intangible assets and an annual amortisation charge of \$95,000.

16. Subsequent events

On 5 September 2017 the principal loan amount of the shareholder loan, plus interest, of \$13,747,676 was converted into 13,747,676 Ordinary Shares in ADA Holdings Limited pursuant to the subscription agreement between that company and the shareholder dated 31 May 2016.

On 1 February 2018, HRC World PLC issued and allotted 142,790,000 Ordinary Shares to the nominees of the holders of the share capital of Hard Rock Capital Limited, the holder of the entire issued share capital of ADA Holdings Limited at that date, in consideration for the transfer of the entire issued and paid up capital of Hard Rock Capital Limited to the Company pursuant to the Share Swap Agreement.

17. Nature of the financial information

The financial information presented above does not constitute statutory accounts for the period under review.

6 C ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE COMPANY



1 February 2018

The Directors
HRC World Plc
Suite A, 6 Honduras Street
London EC1Y 0TH

The Directors
Keswick Global AG
Hoffingergasse 16/1/6
Wien 1120
Austria

Dear Sirs

Introduction

We report on the financial information set out in Section 6 of this Part C of the Company Description (the "Company Description") dated 1 February 2018 of HRC World Plc (the "Company"). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 2 of the financial information.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS").

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, consenting to its inclusion in the Company Description

Basis of Opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information underlying the financial statements and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Company Description, a true and fair view of the state of affairs of the Company as at the periods stated and of its profits/losses, cash flows and changes in equity for the periods stated in accordance with IFRS.

Declaration

We declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import

Yours faithfully

Crowe Clark Whitehill LLP *Chartered Accountants*

Crowe Clark Whitehill LLP is a limited liability partnership registered in England and Wales with registered number 07372348 and its registered office at St. Bride's House, 10 Salisbury Square, London, EC4Y 8EH, United Kingdom. Crowe Clark Whitehill LLP is the United Kingdom member firm of Crowe Horwath International ("CHI"), a private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.crowehorwath.net for a detailed description of the legal structure of CHI and its member firms.

SECTION 6C HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

STATEMENT OF FINANCIAL POSITION

The statement of financial position of the Company as at 30 June 2017 is stated below:

	US \$
Assets	
<i>Current assets</i>	
Receivables	1
Total assets	<u>1</u>
	<u><u> </u></u>
Equity and liabilities	
<i>Capital and reserves</i>	
Share capital	1
Total equity attributable to equity holders	<u>1</u>
Total liabilities	-
Total equity and liabilities	<u>1</u>
	<u><u> </u></u>

STATEMENT OF COMPREHENSIVE INCOME

The audited statement of comprehensive income of the Company from the date of incorporation on 21 June 2017 to 30 June 2017 is stated below:

	Note	US \$
Total comprehensive income attributable to equity owner		-
Earnings per share	4	
Basic and diluted (US \$ per share)		-
		<hr/>

STATEMENT OF CHANGES IN EQUITY

The statements of changes in equity of the Company for period from incorporation on 21 June 2017 to 30 June 2017 are set out below:

	Share capital US \$
On incorporation*	1
Result for the period	-
As at 30 June 2017	<hr/> 1 <hr/>

The share capital comprises the Ordinary Shares of the Company.

*Issued share capital was 1 share of €1 each.

STATEMENT OF CASH FLOWS

The audited cash flow statement of the Company from the date of incorporation on 21 June 2017 to 30 June 2017 is set out below:

	US \$
Operating activities	
(Increase) in receivables	(1)
Financing activities	
Proceeds from issue of share capital	1
Net cash from financing activities	-
	<hr/>
Net increase in cash and cash equivalents	-
Cash and cash equivalents at end of period	-
	<hr/> <hr/>

NOTES TO THE FINANCIAL INFORMATION

1. General Information

The Company was incorporated in England and Wales under the Companies Act 2006 as a public limited company on 21 June 2017. The Company's registered number is 10829936 and its registered office is at Suite A, 6 Honduras Street, London, United Kingdom, EC1Y 0TH.

The Company's objective is to act as the parent to a group established to exploit high quality food and beverage opportunities, initially in Greater China and then beyond.

This financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The standards have been applied consistently (except as otherwise stated).

2. Accounting Policies

Basis of preparation

The principal accounting policies adopted by the Company in the preparation of the financial information are set out below.

The financial information has been presented in United States Dollars (US \$), being the functional currency of the Company.

The financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), including interpretations made by the International Financial Reporting Interpretations Committee (IFRIC) issued by the International Accounting Standards Board (IASB). The standards have been applied consistently.

Comparative figures

No comparative figures have been presented as the financial information covers the period from incorporation, on 21 June 2017 to 30 June 2017.

Standards and interpretations issued but not yet applied

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The directors do not expect that the adoption of these standards will have a material impact on the financial statements of the company in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IFRS 16 will have an impact on the recognition of operating leases. At this point it is not practicable for the directors to provide a reasonable estimate of the effect of these standards as their detailed review of these standards is still ongoing.

Financial assets

The Directors determine the classification of the Company's financial assets at initial recognition.

Cash and cash equivalents

The Directors of the Company considers any cash on short-term deposits and other short-term investments to be cash equivalents.

Receivables

The Company has classified the receivables as 'loans and receivables'.

Use of assumptions and estimates

In preparing the financial information, the Directors have to make judgments on how to apply the Company's accounting policies and make estimates about the future. The Directors do not consider there to be any critical judgments that have been made in arriving at the amounts recognised in the financial information.

3. Share capital

On 21 June 2017, the Company was incorporated and on incorporation, the issued share capital of the Company was €1 comprising 1 ordinary shares of €1 each which were issued to the Founders.

4. Earnings per share

The calculation for earnings per share (basic and diluted) for the relevant period is based on the profit after income tax attributable to equity holder for the period from incorporation on 21 June 2017 to 30 June 2017 and is as follows:

Profit attributable to equity holders (US \$)	-
Weighted average number of shares	1
Earnings per share (US \$)	-

5. Financial Instruments – risk management

The Company is exposed through its operations to credit risk and liquidity risk. In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

Financial instruments

The carrying value of the financial instruments of the Company at 30 June 2017 comprises US \$1 of receivables.

General objectives, policies and processes

The Directors have overall responsibility for the determination of the Company's risk management objectives and policies. Further details regarding these policies are set out below:

Credit risk

The Company had receivables of US\$1 at 30 June 2017. The maximum exposure to credit risk at the end of each reporting period is the fair value of each class of receivables set out above. The Company held no collateral as security.

Liquidity risk

Liquidity risk arises from the Directors' management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Directors' policy is to ensure that the Company will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the Directors seek to maintain a cash balance sufficient to meet expected requirements. The Directors have prepared cash flow projections on a monthly basis through to 31 December 2019. At the end of the period under review, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

6. Capital risk management

The Directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. At the date of this financial information, the Company had been financed by equity. In the future, the capital structure of the Company is expected to consist of borrowings and equity attributable to equity holders of the Company, comprising issued share capital and reserves

7. Subsequent events

On 28th November the Company changed its name to HRC World Plc.

On 1 February 2018 the Company acquired the entire issued share capital of ADA Holdings Limited.

On 7 July 2017 the Company issued a further 57,099 ordinary shares of €1 credited as fully paid increasing its issued share capital to 57,100 ordinary shares of €1.

On 24 November 2017 an ordinary resolution was passed pursuant to which each ordinary share of €1 was subdivided into 100 ordinary shares €0.01.

On 1 February 2018 142,790,000 ordinary shares of €0.01 each were issued pursuant to the Share Exchange Agreement.

8. Nature of financial information

The financial information presented above does not constitute statutory accounts for the period under review.

6 D UNAUDITED PRO FORMA STATEMENT OF NET ASSETS AND EARNINGS OF THE GROUP



Crowe Clark Whitehill LLP
Chartered Accountants
Member of Crowe Horwath International
St Bride's House
10 Salisbury Square
London EC4Y 8EH, UK
Tel +44 (0)20 7842 7100
Fax +44 (0)20 7583 1720
DX: 0014 London Chancery Lane
www.croweclarkwhitehill.co.uk

1 February 2018

The Directors
HRC World Plc
Suite A, 6 Honduras Street
London EC1Y 0TH

The Directors
Keswick Global AG
Hoffingergasse 16/1/6
Wien 1120
Austria

Dear Sirs

We report on the unaudited pro forma consolidated net assets of HRC World Plc (the “**Company**”) (the “**Pro Forma Financial Information**”) set out in this Part 6D of the company description dated 1 February 2018 of the **Company** and its subsidiaries (the “**Group**”) (the “**Company Description**”), which has been prepared on the basis described, for illustrative purposes only, to provide information about how the acquisition by the Company of the issued share capital of the Group might have affected the Statement of Net Assets at 30 June 2017 presented on the basis of the accounting policies adopted by the Group in preparing the financial information.

Responsibilities

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Pro Forma Financial Information.

It is our responsibility to form an opinion as to the proper compilation of the Pro Forma Financial information and to report that opinion to you.

To the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement consenting to its inclusion in the Company Description.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma financial information

has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- a) the Pro Forma Financial Information has been properly compiled on the basis stated
- b) such basis is consistent with the accounting policies of the Company and the Group

Declaration

We are responsible for this report as part of the Company Description and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Crowe Clark Whitehill LLP Chartered Accountants

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1. Unaudited Pro Forma Statement of Net Assets

Set out below is an unaudited pro forma statement of aggregated net assets of the Group, which has been prepared on the basis of the Company's audited financial information as at 30 June 2017, the audited financial information of Ada Holdings Limited and its subsidiaries (the "Operating Group") as at 30 June 2017 and the net assets of HRCL (CC) Ltd ("HRCLCC") and Hard Rock Capital Limited ("HRCL") as at incorporation on 16 March 2107., prepared for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position.

	The Company 30 June 2017 (Unaudited) (\$'000) (Note 1)	The Operating Group 30 June 2017 (Unaudited) (\$'000) (Note 2)	HRCL and HRCLCC 16 March 2017 (Unaudited) (\$'000) (Note 4)	Pro forma adjustments (\$'000) (Note 5)	Net placing proceeds (\$'000) (Note 6)	Group Pro forma net assets (Unaudited) (\$'000)
Non-current assets						
Property plant and equipment	-	2,714	-	-	-	2,714
Intangible assets	-	1,374	-	-	-	1,374
	-	4,088	-	-	-	4,088
Current assets						
Inventories	-	211	-	-	-	211
Prepayments and other receivables	-	1,125	-	-	-	1,125
Amount due from related company	-	1,777	-	-	-	1,777
Cash and equivalents	-	644	-	-	1,470	1,470
	-	3,757	-	-	1,470	5,227
Current liabilities						
Trade payables	-	245	-	-	-	245
Interest payables	-	4,271	-	-	-	4,271
Accruals and other payables	-	417	-	-	-	417
Amount due to a shareholder	-	7	-	-	-	7
Amount due to a director	-	103	-	-	-	103
Intercompany payables	-	-	-	-	-	-
	-	5,043	-	-	-	5,043
Non-current liabilities						
Loan from a shareholder	-	9,069	-	(9,069)	-	-
	-	9,069	-	(9,069)	-	-
Net assets/(liabilities)	-	(6,267)	-	9,069	1,470	4,271

Notes:

The unaudited pro forma financial information has been prepared on the following basis:

1. The net assets of the Company have been extracted from the audited financial information on the Company as set out in Part 6 C of the Company Description and converted into USD from Euro using a third party exchange rate as at 29 January 2018 of €1.00:\$1.24. No account has been taken of the activities of the Company subsequent to 30 June 2017.
2. The net assets of the Operating Group have been extracted from the unaudited interim consolidated financial statements of the Operating Group for the six month period to 30 June 2017 as set out in Part 6 B of the Company Description. No account has been taken of the activities of the AHL Group subsequent to 30 June 2017.
3. The net assets of HRCL and HRCLCC are stated at incorporation on 16 March 2017. No account has been taken of the activities of HRCL and HRCL subsequent to 16 March 2017.
4. The pro-forma adjustment reflects an adjustment to capitalise the shareholders' loan at 30 June 2017 of US\$9,069,000, out of a total capitalisation of US\$13,748, on 5 September 2017.
5. The Company raised €1,500,000 (gross) from the Placing. Associated costs of the Placing were approximately €315,000. The net proceeds of the Placing received by the Company were approximately €1,185,000. The net proceeds have been converted into USD from Euro using a third party exchange rate as at 29 January 2018 of €1.00:\$1.24.

7. UK TAXATION

7.1 TAXATION IN THE UNITED KINGDOM

The following information is based on UK tax law and HM Revenue and Customs ("HMRC") practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

7.1.1 TAX TREATMENT OF THE COMPANY

The following information is based on the law and practice currently in force in the UK.

Provided that the Company is not resident in the UK for taxation purposes and does not carry out any trade in the UK (whether or not through a permanent establishment situated there), the Company should not be liable for UK taxation on its income and gains, other than in respect of interest and other income received by the Company from a UK source (to the extent that it is subject to the withholding of basic rate income tax in the UK).

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors intend, insofar as this is within their control, that the affairs of the Company are conducted so the Company is not treated as carrying on a trade in the UK through a permanent establishment

7.1.2 Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- a) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- b) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- c) who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

7.1.2.1 Dividends

Under current UK legislation the Company is not required to withhold tax on dividend payments to shareholders (irrespective of their country of residence). Danish investors will therefore receive dividend payments without deduction of UK withholding tax, but must take advice as to the taxation of such dividends in their home jurisdiction.

Where the Company pays dividends, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received before 6 April 2018 by UK tax resident individuals will have a £5,000 dividend tax allowance and after 6 April a £2,000 dividend tax allowance. Dividend receipts in excess of £5,000 or £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax or withholding tax imposed.

7.1.2.2 Disposals of Ordinary Shares

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

For gains accruing after 6 April 2016 the rate of capital gains tax on disposal of Ordinary shares by basic rate taxpayers will reduce from 18 per cent. to 10 per cent., and for upper rate and additional rate taxpayers the rate will fall from 28 per cent. to 20 per cent.

For Shareholders within the charge to UK corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently being 20 per cent. from 1 April 2015 falling to 19% after 1 April 2017 and 17% after 1 April 2020.

7.1.2.3 Further information for Shareholders subject to UK income tax and capital gains tax

“Transactions in securities”

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel “tax advantages” derived from certain prescribed “transactions in securities”.

7.1.2.4 Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The following comments are intended as a guide to the general UK stamp duty and SDRT position and do not apply to persons such as market makers, brokers, dealers or intermediaries. In relation to stamp duty and SDRT:

The allocation and issue of the New Placing Shares will not give rise to a liability to stamp duty or SDRT.

Following Admission, the Ordinary Shares will be eligible securities traded on a recognised growth market (and not on any other recognised stock exchange) and accordingly no stamp duty or SDRT will be charged on the conveyance, transfer or sale of Ordinary Shares (nor will any stamp duty or SDRT be chargeable on any transfer of Ordinary Shares effected on a paperless basis through CREST) in accordance with the Finance Act 2014.

7.1.2.5 Ordinary Shares held in certificated form

No UK stamp duty will be payable on the issue of Ordinary Shares. In practice, UK stamp duty should generally not need to be paid on an instrument transferring Ordinary Shares, provided that such transfer instruments are executed and retained outside of the UK. Whether or not an instrument is stamped, however, will not affect the registration of the transfer in the Company's register of members so long as that register is kept outside of the UK. No stamp duty reserve tax will be chargeable on the issue or transfer of the Ordinary Shares where the Company's register of members is kept outside of the UK.

8. SHARE CAPITAL AND OWNERSHIP STRUCTURE

8.1 SHARE CAPITAL OF THE COMPANY

There is only one class of shares in issue being Ordinary Shares of €0.01 each. The Ordinary Shares have no redemption or conversion rights.

The Company has no preference shares in issue and the rights of holders of the Ordinary Shares are summarised at paragraph 8.6 below.

The Directors confirm that the Company has not applied for, and has no current plans to apply for, the Ordinary Shares to be admitted to listing or trading on any stock exchange or stock market other than Nasdaq First North.

The Company's Accounting Reference date is 31 March and the first statutory accounting period will end on 31 March 2018.

8.2 SHARES IN ISSUE

The Company was incorporated on 21 June 2017 with an issued share capital of 1 ordinary share with a nominal value of €1.

On 7 July 2017 the Company issued a further 57,099 ordinary shares of €1 credited as fully paid increasing its issued share capital to 57,100 ordinary shares of €1.

On 24 November 2017 an ordinary resolution was passed pursuant to which each ordinary share of €1 was subdivided into 100 ordinary shares €0.01.

On 1 February 2018 142,790,000 ordinary shares of €0.01 each were issued pursuant to the Share Exchange Agreement.

Prior to Admission, there are 148,500,000 fully paid up Ordinary Shares of €0.01 each in issue. On Admission, a further 1,500,000 Placing Shares will be issued pursuant to the Placing.

	<i>Existing</i>		<i>On Admission</i>	
	<i>Nominal Value (€)</i>	<i>Number of Ordinary Shares</i>	<i>Nominal Value (€)</i>	<i>Number of Ordinary Shares</i>
Issued and fully paid-up	1,485,000	148,500,000	15,000	1,500,000

On Admission, pursuant to the Placing and the Share Exchange Agreement, the Company will have 315 Shareholders.

8.3 OWNERSHIP STRUCTURE

Following Admission, the ten largest holders of Ordinary Shares in the Company will be:

<u>Shareholder</u>	<u>% of holding</u>
VCB Capital Sdn Bhd	20.00%
Noorusaadah Binti Othman	10.00%
VCB A.G.	6.33%
Paneagle Holdings Berhad	4.90%
Emerging Star Fund	4.90%
Zurich Equity Corporation	4.90%
JPM Asia	4.90%
Xiamen Properties Sdn Bhd	4.67%
Cape Light Investments	4.67%
Others	34.73%
Total Issued Shares of €0.01 each	100.00%

VCB Capital holds the Shares for its investors, each of whom hold less than 5% of the issued equity at Admission, and not as beneficial owner.

8.4 RIGHTS TO ACQUIRE SHARES

The Company does not have a share option plan for the employees of the Group although the Directors will give consideration to introducing such a plan in the future in order to assist in attracting and retaining key staff.

The Company has entered into a warrant agreement with Keswick Global AG, its Certified Adviser, under which Keswick has the right to purchase Ordinary Shares equivalent to 1% of the issued share capital at Admission, at a price per share equivalent to the mid-market opening price of the Company's Shares at Admission. The grant is conditional on the Company achieving Admission, may not be exercised for a period of six months following Admission and lapses, if not exercised, three years after Admission.

8.5 FREE FLOAT

Immediately following Admission, 90% of the Company's Ordinary Shares will be in public hands.

8.6 ARTICLES OF ASSOCIATION

In this paragraph 8.5, "**Statutes**" means the UK Companies Act and every other statute or statutory instrument, rule, order or regulation from time to time in force concerning companies so far as they apply to the Company.

The Articles contain provisions, among others, to the following effect (the following being a summary of certain provisions of the Articles, which summary is qualified in its entirety by the entire contents of the Articles):

(a) Share Capital

The Company's share capital currently consists of Ordinary Shares. The Company may issue shares with such rights or restrictions as may be determined by ordinary resolution, including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares.

(b) Requirement to disclose interest in shares and background checks

A Shareholder is required to notify the Company when, to his knowledge, he acquires an interest in Ordinary Shares equal to three percent or more of the Company's issued share capital. The obligation also arises when there is a change in the number of Ordinary Shares beneficially owned by such Shareholder in excess of one per cent or more of the Company's issued share capital.

Under the UK Companies Act the Board may send a notice to any person whom the Board determines to have or to be reasonably likely to have beneficial ownership of Ordinary Shares requiring such person to identify any Ordinary Shares that person beneficially owns and to give such further information as may be required by the Board. The Board shall also be entitled to require such person to provide any information reasonably necessary to enable background and probity checks to be carried out in respect of such person by the Company, the Franchisor or their agents.

(c) Regulation of betting and gaming activities: Suspension of rights of members and mandatory sale of Ordinary Shares

Suspension of rights of members

If at any time the Company determines that a Shareholder Regulatory Event (as defined below) has occurred, it may, in its absolute discretion at any time, by written notice (a "**Shareholder Regulatory Event Notice**") to the holder(s) of any interest(s) (as defined below) in any Ordinary Shares (the "**Relevant Shares**") in the Company to whom a Shareholder Regulatory Event relates (or to whom the Company reasonably believes it to relate), with immediate effect (or with effect from such date as is specified in such Shareholder Regulatory Event Notice), suspend one or more of the following rights attaching to such Relevant Shares:

- a) the right to attend and speak at meetings of the Company and to vote at a general meeting or at a separate meeting of the holders of that class of shares or to demand and vote on a poll exercisable in respect of any Relevant Shares;
- b) the right to receive any payment or distribution (whether by way of dividend or otherwise) in respect of any Relevant Shares; and
- c) the right to the issue of further Ordinary Shares or other securities in respect of the Relevant Shares.

Mandatory disposal of Ordinary Shares

In addition to the rights described above, if at any time the Company determines that a Shareholder Regulatory Event has occurred it may, in its absolute discretion at any time, by written notice (a "**Disposal Notice**") to a holder of any interest(s) in any Ordinary Shares in the Company to whom the Shareholder Regulatory Event relates (or to whom the Company reasonably believes it to relate), require the recipient of the Disposal Notice or any person named therein as interested in (or reasonably believed to be interested in) Ordinary Shares of the Company to dispose of such number of Ordinary Shares as is specified in the Disposal Notice (the "**Disposal Shares**") and for evidence in a form reasonably satisfactory to the Company that such disposal shall have been effected to be supplied to the Company within 14 days from the date of the Disposal Notice or within such other period as the Company (in its absolute discretion) considers reasonable. The Company may withdraw a Disposal Notice before or after the expiration of the period referred to in such notice if it appears to the Company that the ground or purported grounds for its service do not exist or no longer exist.

Right of Company to sell Disposal Shares

If a Disposal Notice is not complied with in accordance with its terms or otherwise not complied with to the satisfaction of the Company within the time specified, and has not been withdrawn, the Company is entitled, in its absolute discretion, so far as it is able, to dispose (or procure the disposal) of the Disposal Shares at the highest price reasonably obtainable by the Company or its agents in the circumstances and the Company shall give written notice of any such disposal to those persons on whom the Disposal Notice was served. Subject to all applicable law and regulation, the Company itself may acquire Disposal Shares. Any such disposal by the Company shall be completed as soon as reasonably practicable after expiry of the time specified in the Disposal Notice and, in any event, within 90 days after the expiry of the time specified in the Disposal Notice provided that a disposal may be suspended during any period when dealings by the directors in Ordinary Shares are not permitted by applicable law or regulation but any disposal of Disposal Shares so suspended shall be completed within 30 days after the expiry of the period of such suspension.

Steps to be taken in connection with sale of Disposal Shares

Neither the Company nor any director, officer, employee or agent of the Company shall be liable to any holder of or any person having any interest in Disposal Shares disposed of in accordance with the provisions described above or to any other person provided that, in disposing of such Disposal Shares, the Company acts in good faith within the time periods specified above. For the purpose of effecting any disposal of Disposal Shares held in uncertificated form, the Company may make such arrangements on behalf of the registered holder of the Disposal Shares as it may think fit to transfer title to those Ordinary Shares through a relevant system (as defined in the Regulations). For the purpose of effecting any disposal of Disposal Shares held in certificated form, the Company may authorise in writing any, director, officer, employee or agent of the Company to execute any necessary transfer on behalf of the registered holder(s) and may issue a new share certificate or other document of title to the purchaser and enter the name of the transferee in the register. The net proceeds of any such disposal shall be received by the Company whose receipt shall be a good discharge for the purchase money and shall be paid (without interest being payable thereon) to the former registered holder of the Disposal Shares upon surrender by him of all relevant share certificate(s) or other documents of title in respect of such Disposal Shares.

The transferee shall not be bound to see the application of such proceeds and once the name of the transferee has been entered, into the register in respect of the Disposal Shares, the validity of the transfer of the Disposal Shares shall not be questioned. Any delay on the part of the Company in exercising any or all of its rights under the provisions described above shall not in any way invalidate the transfer of any Disposal Shares or any other steps undertaken in connection therewith. Save as otherwise specifically provided by the provisions described above, the manner, timing and terms of any disposal of Disposal Shares by (or on behalf of) the Company shall be determined by the Company and the Company may take advice from such persons as are considered by it to be appropriate as to the manner, timing and terms of any such disposal.

Meaning of Shareholder Regulatory Event

For the purposes of the provisions described above, a **Shareholder Regulatory Event** shall be deemed to have occurred if:

- a. a Gaming Regulatory Authority (as defined below) informs the Company or Hard Rock Capital Limited or their agents that any member of the Company or any person interested or believed to be interested in Ordinary Shares of the Company is for whatever reason:
 - i) unsuitable to be a person interested in Ordinary Shares of the Company;
 - ii) not licensed or qualified to be a person interested in Ordinary Shares of the Company; or
 - iii) disqualified as a holder of interests in Ordinary Shares of the Company, under any legislation regulating the operation of any betting or gaming activity or any activity ancillary or related thereto undertaken or to be undertaken by the Company or Hard Rock Capital Limited or any member of their respective group or any other company, partnership, body corporate or other entity in which the Company, Hard Rock Capital Limited or any member of their respective group is interested; or
- b. a Gaming Regulatory Authority by reason, in whole or in part, of the interest of any person or persons in Ordinary Shares of the Company (or by its belief as to the interest of any person or persons in such Ordinary Shares) has:
 - i) refused or indicated to the Company, Hard Rock Capital Limited or their agents that it will or is likely to or may refuse;
 - ii) revoked or cancelled or indicated to the Company, Hard Rock Capital Limited or their agents that it will or is likely to or may revoke or cancel;
 - iii) opposed or indicated to the Company, Hard Rock Capital Limited or their agents that it will or is likely to or may oppose; or
 - iv) imposed any condition or limitation which may have a material adverse impact upon the operation of any betting or gaming activity or any activity ancillary or related thereto undertaken or to be undertaken by the Company or Hard Rock Capital Limited, or upon the benefit of which the Company or Hard Rock Capital

Limited derives or is likely to derive from the operation by any other member of their respective group or any other company, partnership, body corporate, or other entity in which the Company or Hard Rock Capital Limited are interested in any betting or gaming activity or indicated to the Company or Hard Rock Capital Limited, in relation to,

the grant, renewal, or the continuance of any registration, licence, approval, finding of suitability, consent, or certificate required by any legislation regulating (or code of conduct or practice recognised or endorsed by the Gaming Regulatory Authority relevant to) the operation of any betting or gaming activity or any activity ancillary or related thereto undertaken or to be undertaken by the Company, Hard Rock Capital Limited or any member of their respective group or any other company, partnership, body corporate or other entity in which the Company, Hard Rock Capital Limited or any member of their respective group are interested, which is held by or has been applied for by the Company, Hard Rock Capital Limited or any member of their respective group or other such person.

Interpretation of provisions regarding Shareholder Regulatory Event

For the purpose of the provisions described above:

- a. the Company may, in determining the reason for any action or potential action of a Gaming Regulatory Authority, have regard to any statements or comments made by any members, officers, employees or agents of the Gaming Regulatory Authority whether or not such statements or comments form part of or are reflected in any official determination issued by the Gaming Regulatory Authority, and may act notwithstanding any appeal in respect of the decision of any Gaming Regulatory Authority;
- b. a **"Gaming Regulatory Authority"** means any authority wherever located (whether a government department, independent body established by legislation, a government, self-regulating organisation, court, tribunal, commission, board, committee or otherwise) vested with responsibility (with or without another or others) for the conduct of any betting or gaming activity or any activity ancillary, or related thereto (as defined below);
- c. **"interest"** and **"interested in"** in relation to the Company's Ordinary Shares shall be construed in accordance with sections 802-825 of the UK Companies Act; and
- d. **"betting"** or **"gaming activity"** or **"any activity ancillary"** or **"related thereto"** includes (but is not limited to) the provision of online services to customers in connection with such activity or activities and shall include the provision of financial services.

(d) Voting

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every

such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him.

(e) Variation of rights

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class and may be so varied and abrogated whilst the Company is a going concern or during or in contemplation of a winding up.

(f) Dividends

The Company may, subject to the provisions of the UK Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Directors. Subject to the provisions of the UK Companies Act in so far as, in the Directors' opinion, the Company's profits justify such payments, the Directors may pay interim dividends on any class of shares except for shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

Any dividend, unclaimed after a period of 12 years from the date such dividend was declared or became payable shall, if the Directors resolve, be forfeited and shall revert to the Company. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

(g) Transfer of Ordinary Shares

Each member may transfer all or any of his shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve.

Each member may transfer all or any of his shares which are in uncertificated form by means of a relevant system in such manner provided for, and subject as provided in, the UK's Uncertificated Securities Regulations 2001 (SI 2001/3775).

The Board may, in its absolute discretion, refuse to register a transfer of certificated shares unless:

- (i) it is for a share which is fully paid up;
- (ii) it is for a share upon which the Company has no lien;
- (iii) it is only for one class of share;
- (iv) it is in favour of a single transferee or no more than four joint transferees;
- (v) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty; and

- (vi) it is delivered for registration to the registered office of the Company (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The Directors may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the Uncertificated Securities Regulations 2001 (SI 2001/3755) and the relevant system. determine, or if no ordinary resolution has been passed or so far as the resolution does not make specific provision, as the Directors may determine (including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares).

(h) Allotment of shares

Subject to the UK Companies Act and to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as the as the Company may by ordinary resolution determine, or if no ordinary resolution has been passed or so far as the resolution does not make specific provision, as the Directors may determine (including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares).

In accordance with section 551 of the UK Companies Act, the Directors may be generally and unconditionally authorised to exercise all the powers of the Company to allot shares up to an aggregate nominal amount equal to the amount stated in the relevant ordinary resolution authorising such allotment.

Pursuant to the ordinary resolution passed at the general meeting of the shareholders of the Company on 24 November 2017, the Directors were authorised to allot shares up to an aggregate nominal amount of €2,000,000 comprising:

- (i) Shares up to an aggregate nominal value of €1,485,000 as consideration for the acquisition by the Company of Hard Rock Capital;
- (ii) Shares up to an aggregate nominal value of €15,000 in respect of any placing of equity securities prior to or at the time of Admission; and
- (iii) following Admission, shares up to an aggregate nominal amount equal to the lesser of:
 - (i) €500,000; and
 - (ii) 20% of the nominal value of the issued ordinary share capital of the Company at Admission (after taking into account any ordinary shares issued pursuant to the authorities referred to in paragraphs (i) and (ii) above).

(i) Alteration of share capital

The Company may by ordinary resolution consolidate and divide all of its share capital into shares of larger nominal value than its existing shares, or cancel any shares which, at the date of the ordinary resolution, have not been taken or agreed to be taken by any person

and diminish the amount of its share capital by the nominal amount of shares so cancelled and sub-divide its shares, or any of them, into shares of smaller nominal value.

The Company may, in accordance with the UK Companies Act, reduce or cancel its share capital or any capital redemption reserve or share premium account in any manner and with and subject to any conditions, authorities and consents required by law.

(j) Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two, but there shall be no maximum number of Directors.

Subject to the Articles and the UK Companies Act, the Company may by ordinary resolution appoint a person who is willing to act as a Director and the Board shall have power at any time to appoint any person who is willing to act as a Director, in both cases either to fill a vacancy or as an addition to the existing Board.

At the first annual general meeting all Directors shall retire from office and may offer themselves for re-appointment by the Shareholders by ordinary resolution.

At every subsequent annual general meeting any director who:

- (i) has been appointed by the Directors since the last annual general meeting; or
- (ii) was not appointed or re-appointed at one of the preceding two annual general meetings

must retire from office and may offer themselves for reappointment by the Shareholders by ordinary resolution.

Subject to the provisions of the Articles, the Board may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors.

The quorum for a Directors' meeting shall be fixed from time to time by a decision of the Directors, but it must never be less than two and unless otherwise fixed, it is two.

Questions arising at a meeting shall be decided by a majority of votes of the participating directors, with each director having one vote. In the case of an equality of votes, the chairman shall have a second or casting vote.

The Directors shall be entitled to receive such remuneration as the Directors shall determine for their services to the Company as directors and for any other service which they undertake for the Company provided that the aggregate fees (which are not taken to mean any remuneration by way of salary, bonus, share-based or other form of option arrangement or payment or advisory or consultancy income) payable to the Directors in respect of additional consulting or similar fees must not exceed €200,000 in any one financial year.

The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Shareholders or class meetings,

board or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

The Board may, in accordance with the requirements in the Articles, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under the UK Companies Act to avoid conflicts of interests.

A Director seeking authorisation in respect of such conflict shall declare to the Board the nature and extent of his interest in a conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the Conflict together with such additional information as may be requested by the Board.

Any authorisation by the Board will be effective only if:

- (i) to the extent permitted by the UK Companies Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of the Articles;
- (ii) any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted Director and any other conflicted Director; and
- (iii) the matter is agreed to without the conflicted Director voting or would be agreed to if the conflicted Director's and any other interested Director's vote is not counted.

Subject to the provisions of the UK Companies Act, every Director, secretary or other officer of the Company (other than an auditor) is entitled to be indemnified against all costs, charges, losses, damages and liabilities incurred by him in the actual purported exercise or discharge of his duties or exercise of his powers or otherwise in relation to them.

(k) General Meetings

The Company must convene and hold annual general meetings in accordance with the UK Companies Act.

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 choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the articles, two Shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

(l) Borrowing Powers

Subject to the Articles and the UK Companies Act, the Board may exercise all of the powers of the Company to:

- (i) borrow money;
- (ii) indemnify and guarantee;

- (iii) mortgage or charge;
- (iv) create and issue debentures and other securities; and
- (v) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The aggregate principal amount for the time being outstanding in respect of monies borrowed or secured by Group (exclusive of intra-group borrowings and after deducting cash deposited) shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed the greater of €100,000,000 or an amount equal to 2 times adjusted capital and reserves

(m) Capitalisation of profits

The Directors may, if they are so authorised by an ordinary resolution of the Shareholders, decide to capitalise any undivided profits of the Company (whether or not they are available for distribution), or any sum standing to the credit of the Company's share premium account or capital redemption reserve. The Directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalise to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions

(n) Uncertificated Shares

Subject to the UK Companies Act, the Directors may permit title to shares of any class to be issued or held otherwise than by a certificate and to be transferred by means of a relevant system without a certificate.

The Directors may take such steps as they see fit in relation to the evidencing of and transfer of title to uncertificated shares, any records relating to the holding of uncertificated shares and the conversion of uncertificated shares to certificated shares, or vice versa.

The Company may by notice to the holder of an uncertificated share, require that share to be converted into certificated form.

The Board may take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.

8.7 PRE-EMPTION RIGHTS

Section 561(1) of the UK Companies Act gives the Company's shareholders pre-emption rights on any new issue of equity securities (as defined in section 560 of the UK Companies Act) for cash by the Company except for issues of shares under an employee share scheme as defined in Section 1166 of the UK Companies Act, to the extent that such pre-emption rights have not been disapplied by a special resolution passed pursuant to Section 569(1) of the UK Companies Act.

Such a resolution was passed on 24 November 2017 authorising:

- (a) the allotment of shares up to an aggregate nominal value of €15,000 in respect of any placing of equity securities prior to or at the time of Admission;
 - (b) the allotment of shares in connection with an open offer or otherwise in favour of ordinary shareholders in proportion (as nearly as possible) to the respective number of shares held, or deemed to be held, by them subject only to such exclusions or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or problems arising in any territory or with the requirements of any recognised regulatory body or stock exchange in any territory; and
 - (c) following Admission, in addition to the powers pursuant to paragraph (b) above, the allotment of equity securities up to an aggregate nominal amount equal to the lesser of: (i) €300,000; or (ii) 20% of the issued ordinary share capital of the Company at Admission,
- without such shares first being offered to existing holders of Ordinary Shares.

8.8 SHARE REGISTRARS

The Company's share registrars are:

Avenir Registrars Limited
5 St John's Lane
Farringdon
London
EC1M 4BH

The registrars are responsible for the issuance of shares into the CREST system and the execution of relevant corporate actions.

8.9 LOCK-IN ARRANGEMENT

On Admission, the largest shareholder of the Company is Noorusaadah Binti Othman who will hold 15,000,000 Ordinary Shares in the Company representing 10.0 per cent. of the Company's issued share capital. Under the terms of the Lock-in Agreement Noorusaadah Binti Othman will give an undertaking to the Company not to sell any of her Ordinary Shares for a period of 24 months commencing from Admission, except in certain limited circumstances, to another shareholder of the Company or otherwise with the prior written permission of the Company.

9. ADDITIONAL INFORMATION

9.1 INCORPORATION OF THE COMPANY

The Company is a public limited company with registered number 10829936. It was incorporated on 21 June 2017 as a public limited company in England and Wales with the name Hard ADA Rock plc. The Company was issued a certificate to commence trade on 19 July 2017. On 28 November 2017 the Company was renamed HRC World plc.

The registered office of the Company is Suite A, 6 Honduras Street, London, United Kingdom, EC1Y 0TH.

Following Admission, the Group's place of business will be at Suite 2B-25-2, Level 25, Block 2B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur Malaysia.

9.2 MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group in the two years preceding the date of this document or are other contracts that contain provisions under which the members of the Group have an obligation or entitlement which is material to the Group as at the date of this document:

- Area Development Agreement ("ADA")
- Restaurant Franchise Agreement for Shanghai ("RFA")
- License Agreement ("LA")
- Memorabilia Lease Agreement ("MLA")
- Consultancy Services Agreement ("CSA")
- Café Management Agreement ("CMA")
- Termination of Management Services Agreement ("TMSA")
- Novation Agreement ("NA")
- ROFO Agreement ("ROFO")

9.2.1 Area Development Agreement ("ADA")

This ADA is made between the Franchisor and the Franchisee and grants the Franchisee development rights to set up themed restaurants within the specified Territories and also the right to use the Hard Rock marks. The Franchisor grants to the Franchisee the right to set up eleven (11) plus one (1) Restaurants, one (1) each in the following cities :- (i) the city of

Shanghai; (ii) the city of Chengdu; (iii) the city of Nanjing; (iv) the city of Xiamen; (v) the city of Fuzhou; (vi) the city of Chongqing; (vii) the city of Hangzhou; (viii) the city of Wuhan; (ix) the city of Xi'an; (x) the city of Guilin and (xi) the city of Suzhou including the first rights of refusal to Shanghai Disneyland Park.

The Opening Date for each of the initial eleven (11) restaurants are to occur on or prior to each of the following scheduled Opening Dates as specified in the ADA: (i) December 26, 2016 (Hangzhou); (ii) April 1, 2017 (Shanghai); (iii) November 30, 2017; (iv) November 30, 2018; (v) November 30, 2019; (vi) November 30, 2020; (vii) November 30, 2021; (viii) November 30, 2022; (ix) November 30, 2023; (x) November 30, 2024; (xi) November 30, 2025.

9.2.2 Restaurant Franchise Agreement for Shanghai ("RFA")

The RFA is entered into for each café between the Franchisor and the Franchisee for the purpose of the Franchisor granting to Franchisee the right to utilize the Intellectual Property in connection with the operation of a Hard Rock Café establishment at a specified location within the exclusive area described in the ADA, in conformity with the System and Franchisor's uniformity requirements and quality standards as established and promulgated from time to time by Franchisor. The RFA also specifies the fees that is payable by the Franchisee to the Franchisor.

9.2.3 License Agreement ("LA")

The LA is entered into for each café between the Franchisor and the Franchisee for the purpose of the Franchisor granting to Franchisee or the city specific café holding company or WFOE, a license for use of the Intellectual Property in connection with the Restaurant. The LA also specifies License Fee that is payable by the Franchisee to the Franchisor.

9.2.4 Memorabilia Lease Agreement ("MLA")

The MLA is entered between Hard Rock Cafe International (STP), Inc., a New York Corporation ("Lessor") and the franchisee for the purpose of enabling the Franchisee to lease from Lessor articles of memorabilia for display and exhibition at the Restaurant. The MLA also specifies the Lease rental payable for the items of memorabilia.

9.2.5 Consultancy Services Agreement ("CSA")

The CSA entered into for each café between the Franchisor and the Franchisee for the purpose of the Franchisor providing consultancy services during the planning, design, pre-opening and operation phases of the Restaurant, in order to assist the Franchisee to comply with the License Agreement, and to construct, operate and promote the business, operations, services, marketing and sales of the Restaurant for the benefit of Franchisee. The CSA specifies the Consultancy Fee that is payable.

9.2.6 Café Management Agreement ("CMA")

The CMA is entered into for each café between the Franchisor and the Franchisee for the purpose of the Franchisor providing certain management services pertaining to each Restaurant during the initial Operating Years of the Restaurant. The CMA also specifies the

Management Fee that is payable. The scope of works related to the CMA includes the Franchisor appointing a Manager on its behalf who shall undertake the exclusive management and operation of the Restaurant in accordance with the system and the management standard. The Manager shall act as Franchisee's exclusive agent to manage and operate the Restaurant but under no circumstances shall Manager be considered an owner, co-owner or shareholder of the Restaurant. All costs and expenses of operating the Restaurant shall be payable out of funds from the operation of the Restaurant, or which are otherwise provided by Franchisee.

9.2.7 Termination of Management Services Agreement ("TMSA")

A TMSA is entered into between the Franchisor and the Franchisee to terminate the CMA upon mutual agreement and to amend certain arrangements in connection with the ADA and the RFA in the manner specified therein. This is to facilitate the Franchisee to take over the Management and Operations of the existing cafes.

9.2.8 Novation Agreement ("NA")

The NA is entered into by the Franchisee and a city specific café holding company or WFOE for the purpose of novating the Franchisee's obligation to pay the relevant Fees to the Franchisor under the terms of the various agreements between the Franchisor and Franchisee in order to comply with relevant PRC tax laws.

9.2.9 ROFO Agreement ("ROFO")

This ROFO is made between the Franchisor and the Franchisee and grants the Franchisee a right of first offer with respect to the establishment of Hard Rock Cafe restaurants within certain cities located outside of the initial Territories. These additional cities include (i) Changsha; (ii) Foshan; (iii) Ningbo; (iv) Nanning; (v) Wuxi; (vi) Shantou; (vii) Quanzhou; (viii) Dongguan; (ix) Wenzhou; (x) Kunming; (xi) Changchun; (xii) Hefei; (xiii) Changzhou; (xiv) Tangshan; (xv) Zhongshan; (xvi) Taiyuan; (xvii) Lijiang; (xviii) Guiyang; (xix) Nanchang; (xx) Xuzhou.

9.3 WORKING CAPITAL

The Directors confirm that, having made due and careful enquiry, the Group has a sufficiency of working capital for a period of at least 12 months following the proposed date of Admission.

9.4 GOVERNMENTAL, LEGAL OR ARBITRATION PROCEEDINGS

The Company is not involved and has not in the 12 months immediately preceding the date of this document been involved in any governmental, legal or arbitration proceedings which have or may have had in the recent past a significant effect on its financial position or profitability nor so far as the Company is aware, are any such proceedings pending or threatened by or against the Company.

Hard Rock Capital is not (and no member of the Hard Rock Capital group is) involved and has not in the 12 months immediately preceding the date of this document been involved in any governmental, legal or arbitration proceedings which have or may have had in the recent

past a significant effect on its financial position or profitability nor so far as Hard Rock Capital is aware, are any such proceedings pending or threatened by or against Hard Rock Capital or any member of its group.

9.5 SIGNIFICANT CHANGES

Except for the completion of the Share Exchange Agreement and making of the Placing, and as set out in this document there has been no significant change in the financial or trading position of the Group since 30 June 2017, the date to which the most recent unaudited financial statements of the Operating Group have been published.

9.6 RELATED PARTY TRANSACTIONS

Other than as disclosed in this document, during the period from its incorporation to the date of this document, the Company has not entered into any related party transactions.

Other than as disclosed in this document, Hard Rock Capital and its subsidiaries have not entered into any related party transactions that are outstanding.

9.7 CONSENT

The reporting accountants, Crowe Clark Whitehill LLP, has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its reports and references to it and to its name in the form and context in which they appear. Crowe Clark Whitehill LLP is a member firm of the Institute of Chartered Accountants in England and Wales.

9.8 DIVIDEND POLICY

It is the intention of the Board to provide Shareholders with a continuing yield return through dividends, once the Group has achieved a satisfactory level of operating profit. In the short term, the Board is unlikely to declare dividends until such time as an acceptable level of turnover and profitability has been achieved. The declaration and payment of dividends by the Company will be subject to the provisions of the Act and the Articles and to the availability of distributable profit.

9.9 CORPORATE GOVERNANCE

Although the UK Corporate Governance Code is not compulsory for companies whose shares are admitted to trading on Nasdaq First North, the Board intends to apply the principles of this UK Corporate Governance Code following Admission as far as practicable and appropriate for a relatively small public company as follows:

- The Board, which comprises a Non-Executive Chairman, one Executive Director and one Non-Executive Director, will meet regularly to consider strategy, performance, approval of major capital projects and the framework of internal controls.
- In addition, the Executive Directors will meet on a regular basis for operational meetings

- To enable the Board to discharge its duties, all Directors will receive appropriate and timely information.
- Briefing papers will be distributed to all Directors in advance of Board meetings.
- All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.
- The appointment and removal of the Company Secretary is a matter for the Board as a whole.
- In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Directors are subject to retirement by rotation and re-election by the Shareholders at annual general meetings of the Company, as required by the Company's Articles, and any Director appointed by the Board shall hold office only until the next annual general meeting and shall then be eligible for election.

9.10 COMMITTEES OF THE BOARD

Two Committees of the Board have been set up in anticipation of Admission, each of which will be chaired by Thong Teong Bun and will comprise the independent Non-Executive Director, Simon Retter and Executive Director, Shailen Gajera.

Audit and Risk Committee

This committee will have primary responsibility for monitoring the quality of internal controls ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. This committee will also consider all matters referred to the Committee by executives responsible for health, safety and risk management. The Audit Committee will meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

Remuneration Committee

This committee will set the remuneration policy for all Executive Directors and review the performance of the Executive Directors and determine their terms and conditions of service, including their remuneration and pension rights and the grant of options, having due regard to the interests of Shareholders. The Remuneration Committee will meet at least twice a year and at such other times as may be required.

The Company is dedicated to good corporate governance and recognises the importance of social responsibility.

Share Dealings

The Company has adopted a code for dealings in shares by its Board and employees which is appropriate for a company whose shares are admitted to trading on Nasdaq First North. The Board will comply with this code and with the Market Rules relating to directors' dealings and will, in addition, take all reasonable steps to ensure compliance by the Group's applicable employees.

10. APPENDIX

10.1 DEFINED TERMS

In this document, where the context permits, the terms set out below shall have the following meanings:

“£” or “Sterling”		pounds sterling, the lawful currency of the United Kingdom
“¥” or “RMB”		Renminbi, the lawful currency of China
“€” or “Euro”		Euro, the lawful currency of the European Union
“Acquisition”		the conditional acquisition of the entire issued share capital of Hard Rock Capital by the Company under the terms of the Share Exchange Agreement
"ADA"		the Area Development Agreement between the Franchisor and the Franchisee
“Admission”		admission of the Ordinary Shares of the Company to trading on Nasdaq First North becoming effective in accordance with the Market Rules
“Articles”		the articles of association of the Company
“ASEAN”		The Association of Southeast Asian Nations, comprising of Brunei Darussalam, Myanmar, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam
“China” or “PRC”		People’s Republic of China and its Special Administrative Regions
“Company”		HRC World plc, a company incorporated in England and Wales with registration number 10829936
“CREST”		the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & Ireland Limited
“Directors” or “Board”		the directors of the Company whose names are set out on Section 5 of this document

“EBITDA”		earnings before interest, taxes, depreciation and amortisation
“Far East Region” or “Far East Regions”		China, ASEAN and Taiwan
“FF&E”		means all furniture, furnishings, equipment, fixtures, apparatus, and other tangible personal property used in, or held in storage for use in (or, if the context so dictates, required in connection with), the operation of the Restaurant other than Operating Equipment and Operating Supplies
“Food and Beverage”		means those, and only those, items of food and beverage included within HRI’s approved menu, as the same may be amended, supplemented, or otherwise modified by HRI from time to time in its sole discretion. The term “Food and Beverage” shall also include food and beverage items specifically approved by HRI
“Franchisee Restaurants”		means those certain Hard Rock Cafe restaurant establishments operated by the Group with the permission of HRI
“Franchisee”		shall refer to specifically to ADA Holdings Limited or the Group in general
“Franchisor”		Hard Rock Limited (Jersey)
“Group”		HRC World plc and its subsidiaries (including as from Admission, Hard Rock Capital and its subsidiaries)
“Hard Rock Capital” or “HRCL”		Hard Rock Capital Limited, a company incorporated in British Virgin Islands with registration number 1939646
“HRCLCC”		HRCL(CC) Limited, a company incorporated in British Virgin Islands with registration number 1939751
“Hong Kong Dollar”		the currency of Hong Kong
“Hong Kong”		Hong Kong Special Administrative Region of the PRC
“HRC”		Hard Rock Café including its restaurant and merchandise divisions
“HRI”		Hard Rock Limited, a Jersey, Channel Islands corporation with its registered address at 13 & 14, Esplanade St., Helier, Jersey JE1 1BD, Channel Islands
“IAS”		International Accounting Standards
“IFRS”		International Financial Reporting Standards

“License Agreement”		shall mean the license agreement entered into between Franchisor (or its Affiliate outside the PRC) and Restaurant Operator pursuant to which Restaurant Operator is granted a license to use the Intellectual Property in the operation of the Restaurant in the Exclusive Area
“Licensed Marks”		means the name and trademark “Hard Rock Cafe” (which shall be utilized by Franchisee only to the extent provided for in the License Agreement), and, to the same extent all variations thereon adopted by Franchisor or its Affiliates for use in connection with Franchisee Restaurants, and all associated trademarks, trade names, service marks, logos, slogans, trade dress, commercial symbols, and other intellectual property rights of Franchisor and its Affiliates used or available for use in connection with any Franchisee Restaurant to the extent applicable to the locality of the Restaurant operated at the Premises, including, without limitation, the trademarks, trade names, service marks, logos, slogans, trade dress, commercial symbols, and other intellectual property rights set forth, respectively, in Exhibit A attached hereto and incorporated herein by this reference, together with any other trademark, trade name, service mark, logo, slogan, trade dress, commercial symbol, or other intellectual property right (and all registrations therefor) owned, or the rights to which are subsequently acquired, by Franchisor or its Affiliates, necessary for or related to the operation of the Restaurant operated at the Premises as contemplated herein. The “Licensed Marks” also include any distinctive trade dress used to identify a Hard Rock Cafe restaurant or the Merchandise sold at a Hard Rock Cafe restaurant, whether now in existence or hereafter created.
“Lock-in Agreement”		the agreement between the Company and Hard Rock Capital shareholders, as described in paragraph [•] of this document
“Manuals”		means, collectively, all operating manuals, all training manuals, and all accompanying workbooks owned by HRI
“Market Rules”		the market rules of Nasdaq First North published by Nasdaq Copenhagen A/S from time to time
“Memorabilia Lease”		means each Memorabilia Lease between the Group and HRI, or an affiliate of HRI, for the supply of rock and roll memorabilia to each Restaurant operated by
“Merchandise”		shall mean those items bearing the Licensed Marks or otherwise approved or specified by HRI for sale in the Restaurant’s “Rock Shop” whether bearing the Licensed Marks or not.
“Nasdaq First North” or the “Market” or the “Exchange”		Nasdaq First North, Denmark, the market operated by Nasdaq Copenhagen A/S;

“Operating Equipment”		means all china, glassware, linens, silverware, uniforms, and similar items, as described by the Manuals, used in, or held in storage for use in (or, if the context so dictates, required in connection with), the operation of the Restaurant in accordance with the requirements of this the Restaurant Franchise Agreement.
“Operating Group”		Ada Holdings Limited and its subsidiaries, Hrc Shanghai (Hong Kong) Limited, Hrc Hangzhou (Hong Kong) Limited, Ada Ventures China Café Management & Trading Co Limited, Shanghai Ou Yue Food And Bar Management Co Ltd, and Miaoshi Food and Bar Management (Hangzhou) Co Ltd.
“Operating Supplies”		means all consumable items, as described in the Manuals, used in, or held in storage for use in (or, if the context so dictates, required in connection with), the operation of the Restaurant
“Ordinary Shares”		ordinary shares of €0.01 each in the capital of the Company
“p” or “pence”		one hundredth of one pound Sterling
“PRC”		means the People’s Republic of China, and for the purpose of this Agreement, excluding Taiwan, the Special Administrative Region of Hong Kong and the Special Administrative Region of Macau
“Placing”		the conditional placing by Optiva Securities Limited of the Placing Shares at the Placing Price as agent for the Company
"Placing Price"		€1.00 per Placing Share
“Placing Shares”		1,500,000 Ordinary Shares to be issued by the Company and subscribed for pursuant to the Placing
“Premises”		means the real property upon which the Restaurant is located, and includes such real property, all structures located thereon, all FF&E, and all appurtenances to any of the foregoing, together with all easements, entrances, exits, rights of ingress and egress thereto, and all improvements thereon or thereto; provided, however, that in the event the Restaurant is located in a shopping mall, shopping centre, or similar multi-establishment location, then Premises shall not extend to any space which is not occupied or utilised by the Group for or in connection with the operation of the Restaurant
“Restaurant Franchise Agreement” or “RFA”		means, as the context requires, each and any and all Restaurant Franchise Agreements executed by HRI and the Group pertaining to the operation of Restaurants within the agreed Territories
“Restaurant Operator”		shall mean any PRC Person that the Group has designated to own and operate a Restaurant

“Restaurant”		shall mean a Hard Rock Cafe restaurant and Merchandise sales establishment operated on a Premises pursuant to a Restaurant Franchise Agreement between HRI and the Group
“ROFO”		Rights of First Refusal granted by the Franchisor to AHL
“Shanghai Disneyland Park”		shall mean the geographic area occupied by Shanghai Disneyland Park, in the city of Shanghai of the PRC
"Share Exchange Agreement"		the share exchange agreement dated 1 February 2018 relating to the Company's acquisition from the holders of ordinary shares in Hard Rock Capital of the entire issued share capital in consideration for the issue to them, in aggregate, of 142,790,000 ordinary shares of €0.01 each in the capital of the Company
“Shareholders”		holders of Ordinary Shares
“System”		shall have the meaning given to such term in the Restaurant Franchise Agreement
“U.S.”		the United States of America
“UK Companies Act”		the Companies Act 2006, as amended and supplemented
“UK Corporate Governance Code”		the UK Corporate Governance Code published by the UK Financial Reporting Council
“UK” or “United Kingdom”		the United Kingdom of Great Britain and Northern Ireland
“VAT”		(i) within the EU, any tax imposed by any Member State in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC); and (ii) outside the EU, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition
“WFOE”		Wholly Foreign-Owned Enterprise is the Group’s city specific café holding company or domestic investment vehicle (for mainland China-based business or cafés), incorporated as a foreign-owned limited liability company.

In this document, all references to times and dates are to London, times and dates.