The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

28 November 2013

The Directors
U Banquet Group Holding Limited

Quam Capital Limited

Dear Sirs,

We report on the financial information of U Banquet Group Holding Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the combined balance sheets as at 31 December 2011 and 2012 and 31 July 2013, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements for each of the years ended 31 December 2011 and 2012 and the seven months ended 31 July 2013 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This Financial Information has been prepared by the directors of the Company and is set out in Sections I to IV below for inclusion in Appendix I to the prospectus of the Company dated 28 November 2013 (the "Prospectus") in connection with the placing of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 20 June 2013 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed "Reorganisation" below, which was completed on 19 November 2013, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 1.2 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

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No audited financial statements have been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 1.2 of Section II.

The directors of the Company have prepared the combined financial statements of the Company and its subsidiaries now comprising the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSAs") issued by the HKICPA pursuant to separate terms of engagement with the Company.

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 1.3 of Section II below.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with the basis of presentation set out in Note 1.3 of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and presented on the basis set out in Note 1.3 of Section II below, a true and fair view of the combined state of affairs of the Group as at 31 December 2011 and 2012 and 31 July 2013 and of the Group's combined results and cash flows for the Relevant Periods then ended.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix I to the Prospectus which comprises the combined statement of comprehensive income, the combined statement of changes in equity and the combined cash flow statement for the seven months ended 31 July 2012 and a summary of significant accounting policies and other explanatory information (the "Stub Period Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation set out in Note 1.3 of Section II and the accounting policies set out in Note 2 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of the Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSAs and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report and presented on the basis set out in Note 1.3 of Section II below, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 December 2011 and 2012 and 31 July 2013 and for each of the years ended 31 December 2011 and 2012 and the seven months ended 31 July 2012 and 2013 (the "Financial Information"), presented on the basis set out in Note 1.3 below:

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December		Seven months ended 31 July	
		2011	**2012**	**2012**	**2013**
	Note	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	*6*	259,073	304,164	162,954	189,076
Other income	*6*	878	1,116	441	454
Cost of materials consumed		(76,451)	(76,513)	(43,249)	(45,932)
Employee benefits expense	*8*	(71,105)	(74,427)	(42,579)	(46,898)
Depreciation		(10,786)	(12,183)	(6,449)	(10,235)
Operating lease payments		(37,338)	(38,049)	(22,070)	(24,752)
Utilities expenses		(25,624)	(27,336)	(16,020)	(17,354)
Other expenses	*7*	(41,799)	(47,538)	(26,380)	(39,230)
Operating (loss)/profit		(3,152)	29,234	6,648	5,129
Finance income	*9*	386	398	267	334
Finance costs	*9*	(417)	(276)	(172)	(238)
Finance (costs)/income — net	*9*	(31)	122	95	96
(Loss)/profit before income tax		(3,183)	29,356	6,743	5,225
Income tax credit/(expense)	*10*	305	(5,773)	(1,380)	(2,109)
(Loss)/profit and total comprehensive (loss)/income for the year/period		(2,878)	23,583	5,363	3,116
(Loss)/profit and total comprehensive (loss)/income attributable to:					
Owners of the Company		(2,878)	22,231	5,069	1,012
Non-controlling interests		—	1,352	294	2,104
		(2,878)	23,583	5,363	3,116
Earnings per share	*11*	N/A	N/A	N/A	N/A
Dividends	*12*	—	—	—	—

I FINANCIAL INFORMATION OF THE GROUP *(Continued)*

COMBINED BALANCE SHEETS

		As at 31 December		As at 31 July
		2011	**2012**	**2013**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*13*	24,906	21,989	40,086
Goodwill	*14*	18,576	18,576	18,576
Rental deposits	*17*	6,178	7,305	10,051
Prepayment for consultancy services	*17*	—	—	16,728
Deferred income tax assets	*23*	3,074	2,479	4,154
		52,734	50,349	89,595
Current assets				
Trade receivables	*16*	252	724	1,435
Deposits and prepayments	*17*	9,914	11,344	15,051
Current income tax recoverable		1,161	—	—
Amounts due from related companies	*28*	7,504	8,108	9,704
Amount due from a non-controlling shareholder	*28*	—	—	1,197
Amounts due from directors	*28*	—	23,518	33,576
Pledged bank deposits	*18*	1,095	2,096	1,096
Cash and cash equivalents	*18*	18,239	22,674	11,811
		38,165	68,464	73,870
Total assets		90,899	118,813	163,465
EQUITY				
Equity attributable to owners of the Company				
Capital reserve		50,476	50,497	50,572
Share-based payment reserve	*19*	—	—	18,950
Accumulated losses		(37,501)	(15,270)	(14,258)
		12,975	35,227	55,264
Non-controlling interests		—	1,362	3,466
Total equity		12,975	36,589	58,730

I FINANCIAL INFORMATION OF THE GROUP *(Continued)*

COMBINED BALANCE SHEETS *(Continued)*

		As at 31 December		As at 31 July
		2011	2012	2013
	Note	*HK$'000*	*HK$'000*	*HK$'000*
LIABILITIES				
Non-current liabilities				
Accruals and provisions	*21*	10,009	5,974	5,778
Deposits received	*21*	2,415	1,959	4,380
Borrowings	*22*	174	1,426	132
Deferred income tax liabilities	*23*	306	86	15
Provision for reinstatement costs	*24*	2,424	1,858	2,873
		15,328	11,303	13,178
Current liabilities				
Trade payables	*20*	15,568	12,637	10,519
Accruals and provisions	*21*	16,170	17,388	26,833
Deposits received	*21*	20,269	31,116	31,305
Amounts due to related companies	*28*	237	213	339
Amount due to a non-controlling shareholder	*28*	—	1,033	—
Amounts due to directors	*28*	4,880	—	—
Current income tax liabilities		219	5,162	9,017
Borrowings	*22*	5,253	2,742	13,544
Provision for reinstatement costs	*24*	—	630	—
		62,596	70,921	91,557
Total liabilities		77,924	82,224	104,735
Total equity and liabilities		90,899	118,813	163,465
Net current liabilities		(24,431)	(2,457)	(17,687)
Total assets less current liabilities		28,303	47,892	71,908

I FINANCIAL INFORMATION OF THE GROUP *(Continued)*

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Capital reserve *(Note)* *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
For the year ended 31 December 2011					
Balance as at 1 January 2011	50,476	(34,623)	15,853	—	15,853
Loss and total comprehensive loss for the year	—	(2,878)	(2,878)	—	(2,878)
Balance as at 31 December 2011	50,476	(37,501)	12,975	—	12,975
For the year ended 31 December 2012					
Balance as at 1 January 2012	50,476	(37,501)	12,975	—	12,975
Profit and total comprehensive income for the year	—	22,231	22,231	1,352	23,583
Total contributions by and distributions to owners of the Company recognised directly in equity					
Issuance of ordinary shares upon incorporation by companies now comprising the Group	21	—	21	10	31
Total transactions with owners	21	—	21	10	31
Balance as at 31 December 2012	50,497	(15,270)	35,227	1,362	36,589

I FINANCIAL INFORMATION OF THE GROUP *(Continued)*

COMBINED STATEMENTS OF CHANGES IN EQUITY *(Continued)*

	Attributable to owners of the Company					
	Capital reserve *(Note)*	Share-based payment reserve	Accumulated losses	Total	Non-controlling interests	Total Equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the seven months ended 31 July 2013						
Balance as at 1 January 2013	50,497	—	(15,270)	35,227	1,362	36,589
Profit and total comprehensive Income for the period	—	—	1,012	1,012	2,104	3,116
Total contributions by and distributions to owners of the Company recognised directly in equity						
Issuance of ordinary shares by a company now comprising the Group	75	—	—	75	—	75
Recognition of share-based payment *(Note 19)*	—	18,950	—	18,950	—	18,950
Total transactions with owners	75	18,950	—	19,025	—	19,025
Balance as at 31 July 2013	50,572	18,950	(14,258)	55,264	3,466	58,730

I FINANCIAL INFORMATION OF THE GROUP *(Continued)*

COMBINED STATEMENTS OF CHANGES IN EQUITY *(Continued)*

	Attributable to owners of the Company				
	Capital reserve *(Note)* *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total Equity *HK$'000*
For the seven months ended 31 July 2012 (unaudited)					
Balance as at 1 January 2012	50,476	(37,501)	12,975	—	12,975
Profit and total comprehensive income for the period	—	5,069	5,069	294	5,363
Total contributions by and distributions to owners of the Company recognised directly in equity					
Issuance of ordinary shares upon incorporation by companies now comprising the Group	15	—	15	5	20
Total transactions with owners	15	—	15	5	20
Balance as at 31 July 2012 (unaudited)	50,491	(32,432)	18,059	299	18,358

Note: The capital reserve as at 1 January 2011 represents capital contribution from the ultimate controlling shareholders of approximately HK$49,476,000 and the share capital of the companies now comprising the Group of approximately HK$1,000,000 after eliminating intra-group investments.

I FINANCIAL INFORMATION OF THE GROUP *(Continued)*

COMBINED CASH FLOW STATEMENTS

	Note	Year ended 31 December 2011 HK$'000	Year ended 31 December 2012 HK$'000	Seven months ended 31 July 2012 HK$'000 (unaudited)	Seven months ended 31 July 2013 HK$'000
Cash flows from operating activities					
Cash generated from operations	*25(a)*	11,347	43,430	17,550	11,262
Interest paid		(344)	(212)	(37)	(141)
Hong Kong profits tax (paid)/refund, net		(1,566)	706	—	—
Net cash generated from operating activities		9,437	43,924	17,513	11,121
Cash flows from investing activities					
Interest received		1	3	1	—
Purchases of property, plant and equipment		(1,673)	(7,536)	(6,336)	(17,359)
Advances to related companies		(484)	(5,000)	(5,000)	(1,596)
Repayments from related companies		—	4,396	4,156	—
Advances to directors		—	(23,518)	(2,180)	(10,058)
Advance to a non-controlling shareholder		—	—	—	(1,197)
Payment of reinstatement costs		—	—	—	(652)
Changes in pledged bank deposits		—	(1,001)	(1,000)	1,000
Net cash used in investing activities		(2,156)	(32,656)	(10,359)	(29,862)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		—	31	20	75
Net proceeds from borrowings		4,000	—	—	11,900
Repayments of borrowings		(3,457)	(2,906)	(2,491)	(737)
Repayments of finance leases		(250)	(87)	(50)	(1,655)
Repayments to related companies		—	(24)	—	—
Advances from related companies		57	—	—	126
Advance from/(repayment of advance from) a non-controlling shareholder		—	1,033	—	(1,033)
Repayments to directors		(4,366)	(4,880)	(4,880)	—
Share issuance costs		—	—	—	(798)
Net cash (used in)/generated from financing activities		(4,016)	(6,833)	(7,401)	7,878
Net increase/(decrease) in cash and cash equivalents		3,265	4,435	(247)	(10,863)
Cash and cash equivalents at beginning of the year/period		14,974	18,239	18,239	22,674
Cash and cash equivalents at end of the year/period	*18*	18,239	22,674	17,992	11,811

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

U Banquet Group Holding Limited (the "Company") was incorporated in the Cayman Islands on 20 June 2013 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is Flat F, 28/F, Phase II, Vigor Industrial Building, 49-53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively, the "Group") are principally engaged in the operation of a chain of Chinese restaurants and provision of wedding services in Hong Kong (the "Listing Business"). The directors consider Mr. Cheung Ka Ho ("Mr. Cheung KH") and Mr. Cheung Ka Kei ("Mr. Cheung KK") to be the ultimate controlling shareholders ("Ultimate Controlling Shareholders").

1.2 Reorganisation

In preparation for the listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the Company and other companies now comprising the Group have undergone a reorganisation (the "Reorganisation") pursuant to which the Company has become holding company of the other companies now comprising the Group. The major steps which have been undertaken to effect the Reorganisation were as follows:

(i) On 23 April 2012, Smart Award Limited ("Smart Award") was incorporated in Hong Kong with limited liability. 5,000 shares and 5,000 shares of HK$1 each were allotted and issued to Mr. Cheung KH and Mr. Yip Wang Kwong ("Mr. Yip"), respectively. On 22 April 2013, one additional share was allotted and issued to Mr. Cheung KH.

On 16 August 2012, General Corporation Limited ("General Corporation") was incorporated in Hong Kong with limited liability. 5,000 shares and 5,000 shares of HK$1 each were allotted and issued to Mr. Cheung KH and Mr. Yip, respectively. On 26 July 2013, one additional share was allotted and issued to Mr. Cheung KH.

On 1 November 2012, Credit Bonus Limited ("Credit Bonus") was incorporated in Hong Kong with limited liability. 1 share of HK$1 was allotted and issued to Mr. Cheung KH.

On 11 December 2012, Good Fortress Inc Limited ("Good Fortress") was incorporated in Hong Kong with limited liability. 51 shares and 49 shares of HK$1 each were allotted and issued to Mr. Cheung KH and Mr. Cheung KK, respectively.

On 1 March 2013, YuYan Group Distribution Limited ("YuYan Distribution"), YuYan Group (Hong Kong) Investment Limited ("YuYan (HK)"), YuYan Group Trading Limited ("YuYan Trading") and YuYan Group Wedding Limited ("YuYan Wedding") were incorporated in the British Virgins Islands ("BVI"). On the same date, 1 share of US$1 of each of the above companies was allotted and issued to Mr. Cheung KH.

On 26 April 2013, Modern Management (Restaurant) Limited ("Modern Management") and U Weddings Studio Limited ("U Weddings Studio Ltd") were incorporated in Hong Kong with limited liability. On the same date, 1 share of HK$1 of each of the above companies were allotted and issued to YuYan Distribution and YuYan Wedding, respectively.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

1.2 Reorganisation *(Continued)*

(i) *(Continued)*

On 10 May 2013, 75,000 subscriber shares of Choi Fook Holdings Limited ("Choi Fook Holdings") were allotted and issued at par value, all of which were held by Century Great Investments Limited ("Century Great").

(ii) On 26 March 2013, Mr. Cheung KH and Mr. Cheung KK transferred their entire interests in Elite Rainbow Corporation Limited ("Elite Rainbow") to Choi Fook Holdings in consideration of HK$51 and HK$49, respectively. Since then, Elite Rainbow became a wholly-owned subsidiary of Choi Fook Holdings.

(iii) On 20 June 2013, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK$100,000,000 divided into 1,000,000,000 shares with par value of HK$0.1 each. On the same date, one subscriber share with par value of HK$0.1 was transferred to Mr. Cheung KH. On 15 November 2013, each of the issued and unissued share of HK$0.1 each in the share capital of the Company was subdivided into 10 shares of HK$0.01 each.

(iv) On 27 June 2013, Mr. Cheung KH transferred his entire interest in Great Business to YuYan Trading for a nominal consideration HK$1. Since then, Great Business became a wholly-owned subsidiary of YuYan Trading.

(v) On 6 November 2013, Mr. Cheung KH and Mr. Cheung KK transferred their entire interest in U Banquet Group Limited ("U Banquet (HK)") to YuYan (HK) in consideration of the issuance of 50 shares and 49 shares at HK$1 each by YuYan (HK) to Mr. Cheung KH and Mr. Cheung KK, respectively. Since then, U Banquet (HK) became a wholly-owned subsidiary of YuYan (HK).

(vi) On 6 November 2013, Mr. Cheung KH, Mr. Cheung KK and Century Great transferred their entire interest in Choi Fook Holdings to U Banquet (HK) in consideration of the issuance of 4,693 shares, 4,509 shares and 698 shares of HK$1 by YuYan (HK) to Mr. Cheung KH, Mr. Cheung KK and Century Great. Since then, Choi Fook Holdings became a wholly-owned subsidiary of U Banquet (HK).

(vii) On 6 November 2013, Mr. Cheung KH and Mr. Cheung KK transferred their entire interests in, Smiling Profit Limited ("Smiling Profit"), Choi Fook Royal Banquet Limited ("Choi Fook Royal Banquet") and Good Fortress, to Choi Fook Holdings in consideration of the issuance of 1 share of HK$1 each by Choi Fook Holdings to U Banquet (HK). Since then, Smiling Profit, Choi Fook Royal Banquet and Good Fortress became wholly-owned subsidiaries of Choi Fook Holdings.

(viii) On 6 November 2013, Mr. Cheung KH transferred his 50.005% shareholding interests in General Corporation and Smart Award to Modern Management in consideration of the issuance of 1 share of HK$1 each by Modern Management to YuYan Distribution for each transfer. Since then, each of General Corporation and Smart Award was owned as to 50.005% by Modern Management and 49.995% by Mr. Yip, respectively.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

1.2 Reorganisation *(Continued)*

(ix) On 6 November 2013, Mr. Cheung KH transferred his entire interest in Credit Bonus to Modern Management in consideration of the issuance of 1 share of HK$1 by Modern Management to YuYan Distribution. Since then, Credit Bonus became a wholly-owned subsidiary of Modern Management.

(x) On 16 October 2013, U Weddings Studio Ltd as transferee entered into an asset transfer agreement (the "Asset Transfer Agreement") with Billion Treasure Property Development Limited ("Billion Treasure") as transferor. Pursuant to the Asset Transfer Agreement, Billion Treasure transferred all its tangible and intangible rights, assets and contracts related to the provision of wedding services to U Weddings Studio Ltd at a consideration of HK$1. After completion of the asset transfer agreement on 25 November 2013, U Weddings Studio Ltd continued to operate the wedding-related services business of our Group in lieu of Billion Treasure.

(xi) On 19 November 2013, Mr. Cheung KH, Mr. Cheung KK and Century Great transferred their respective shareholding interests in each of YuYan Distribution, YuYan (HK), YuYan Trading, and YuYan Wedding to the Company. In consideration of such transfer, the Company allotted and issued 999,990 shares and 75,000 shares, credit as fully paid to U Banquet (Cheung's) Holdings Company Limited ("U Banquet (Cheung's)") and Century Great, respectively. Since then, the Company becomes the holding company of the Group and the directors consider U Banquet (Cheung's) as the ultimate holding company of the Group.

As at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

				Effective interest held					
Company name	Country/ place of incorporation	Date of incorporation	Nominal value of issued and fully paid share capital	As at 31 December 2011	As at 31 December 2012	As at 31 July 2013	As at the date of this report	Principal activities	Note
Directly held subsidiaries									
YuYan (HK)	British Virgin Islands	1 March 2013	10,000 ordinary shares of US$1 each	N/A	N/A	N/A	100%	Investment holding	(a)
YuYan Trading	British Virgin Islands	1 March 2013	1 ordinary share of US$1 each	N/A	N/A	N/A	100%	Investment holding	(a)
YuYan Distribution	British Virgin Islands	1 March 2013	1 ordinary share of US$1 each	N/A	N/A	N/A	100%	Investment holding	(a)
YuYan Wedding	British Virgin Islands	1 March 2013	1 ordinary share of US$1 each	N/A	N/A	N/A	100%	Investment holding	(a)
Indirectly held subsidiaries									
U Banquet (HK)	Hong Kong	18 June 2010	100 ordinary shares of HK$1 each	100%	100%	100%	100%	Investment holding	(b)
Choi Fook Holdings	Hong Kong	25 June 2009	1,075,003 ordinary shares of HK$1 each	100%	100%	100%	100%	Investment holding	(c)
Step Up Corporation Limited ("Step Up")	Hong Kong	2 December 2005	3,000,000 ordinary shares of HK$1 each	100%	100%	100%	100%	Restaurant operations and licence holding	(c)

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

1.2 Reorganisation *(Continued)*

Company name	Country/ place of incorporation	Date of incorporation	Nominal value of issued and fully paid share capital	Effective interest held As at 31 December 2011	2012	As at 31 July 2013	As at the date of this report	Principal activities	Note
Indirectly held subsidiaries *(Continued)*									
Million Talent Investment Limited ("Million Talent")	Hong Kong	4 November 2006	4,000,000 ordinary shares of HK$1 each	100%	100%	100%	100%	Restaurant operations and licence holding	*(c)*
Choi Fook Seafood Restaurant Limited ("Choi Fook Seafood")	Hong Kong	9 January 2002	800,000 ordinary shares of HK$1 each	100%	100%	100%	100%	Restaurant operations and licence holding	*(c)*
Vast Rainbow Limited ("Vast Rainbow")	Hong Kong	16 August 2007	5,000,000 ordinary shares of HK$1 each	100%	100%	100%	100%	Restaurant operations and licence holding	*(c)*
Elite Rainbow	Hong Kong	27 March 2009	100 ordinary shares of HK$1 each	100%	100%	100%	100%	Restaurant operations and licence holding	*(c)*
Smiling Profit	Hong Kong	11 December 2009	100 ordinary shares of HK$1 each	100%	100%	100%	100%	Restaurant operations and licence holding	*(c)*
Choi Fook Royal Banquet	Hong Kong	6 July 2009	100 ordinary shares of HK$1 each	100%	100%	100%	100%	Restaurant operations and licence holding	*(b)*
Great Business	Hong Kong	17 April 2012	10,000 ordinary shares of HK$1 each	N/A	100%	100%	100%	Sales of furniture and fixtures	*(d)*
Smart Award	Hong Kong	23 April 2012	10,001 ordinary shares of HK$1 each	N/A	50%	50%	50.005%	Sales of frozen food and high value dried food	*(d), (e)*
General Corporation	Hong Kong	16 August 2012	10,001 ordinary shares of HK$1 each	N/A	50%	50%	50.005%	Sales of fresh vegetables	*(d), (e)*
Credit Bonus	Hong Kong	1 November 2012	1 ordinary share of HK$1 each	N/A	100%	100%	100%	Assets holding	*(a)*
Good Fortress	Hong Kong	11 December 2012	100 ordinary shares of HK$1 each	N/A	100%	100%	100%	Not yet commence business	*(a)*
Modern Management	Hong Kong	26 April 2013	4 ordinary shares of HK$1 each	N/A	N/A	N/A	100%	Investment holding	*(a)*
U Weddings Studio Ltd	Hong Kong	26 April 2013	1 ordinary share of HK$1 each	N/A	N/A	N/A	100%	Investment holding	*(a)*

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

1.2 Reorganisation *(Continued)*

(a) No statutory financial statements have been issued for these companies as they are either newly incorporated or not required to issue audited financial statements under the statutory requirements of their place of incorporation.

(b) The statutory financial statements of these companies for the years ended 31 December 2011 and 2012 were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") and audited by Ng Wai Kei Certified Public Accountant in Hong Kong.

(c) The statutory financial statements of these companies for the years ended 31 December 2011 and 2012 were prepared in accordance with HKFRSs and audited by Sunny Leung & Company, Certified Public Accountants and Ng Wai Kei Certified Public Accountant in Hong Kong, respectively.

(d) The statutory financial statements of this company for the period from date of incorporation to 31 December 2012 were prepared in accordance with HKFRSs and audited by Ng Wai Kei Certified Public Accountant in Hong Kong.

(e) The Group is able to govern and control the finance and operating policies of Smart Award and General Corporation. Accordingly, Smart Award and General Corporation have been combined as subsidiaries of the Company.

1.3 Basis of presentation

For the purpose of this report, the combined financial statements of the Group have been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The combined statements of comprehensive income, combined statements of changes in equity and combined cash flow statements of the Group for each of the years ended 31 December 2011 and 2012 and the seven months ended 31 July 2012 and 2013 have been prepared using the financial information of the companies engaged in the Listing Business, under common control of the Ultimate Controlling Shareholders and now comprising the Group as if the current group structure had been in existence throughout each of the years ended 31 December 2011 and 2012 and the seven months ended 31 July 2012 and 2013, or since the respective dates of incorporation of the combining companies, or since the date when the combining companies first came under the control of the Ultimate Controlling Shareholders, whichever is a shorter period. The combined balance sheets of the Group as at 31 December 2011 and 2012 and 31 July 2013 have been prepared to present the assets and liabilities of the companies now comprising the Group at these dates, as if the current group structure had been in existence as at these dates. The net assets and results of the Group were combined using the existing book values from the Ultimate Controlling Shareholders' perspective.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

1.3 Basis of presentation *(Continued)*

Inter-company transactions, balances and unrealised gains or losses on transactions between group companies are eliminated on combination.

Prior to the completion of the Reorganisation as described in Note 1.2, the provision of wedding services ("Included Business") was principally conducted through Billion Treasure, a company which is under common control of the Ultimate Controlling Shareholders. Apart from being engaged in the Included Business, Billion Treasure is also engaged in a dissimilar business ("Excluded Business") from those of the Group.

The financial information has included the assets, liabilities and results of operations of the Included Business on the basis that the Included Business has separate accounting records and the Excluded Business has no more than incidental common facilities and costs shared with the Group.

The combined balance sheets include assets and liabilities that are directly related and clearly identified to the Included Business and the combined statements of comprehensive income include all revenues, related costs, expenses and charges directly generated or incurred by Included Business. Expenses for which specific identification method is not practicable are allocated to the Included Business according to the ratio of historical salaries of the Included Business to the total salaries of Billion Treasure.

The directors consider that the above method of allocation and presentation provides the fairest approximation of the amounts attributable to the financial information of the Listing Business for the years ended 31 December 2011 and 2012 and the seven months ended 31 July 2012 and 2013.

After the Reorganisation, the relevant assets and liabilities of Included Business have been transferred to and the provision for wedding services is conducted by U Weddings Studio Ltd.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied during each of the years ended 31 December 2011 and 2012 and the seven months ended 31 July 2013 (the "Relevant Periods"), unless otherwise stated.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the Financial Information which are in accordance with HKFRSs issued by the HKICPA are set out below. The Financial Information has been prepared under the historical cost convention.

The preparation of the Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4.

As at 31 July 2013, the Group's current liabilities exceeded its current assets by approximately HK$17,687,000. The current liabilities mainly consisted of deposits received from customers of approximately HK$31,305,000, which is to be recognised as revenue upon rendering of the relevant banquet and wedding related services in the next financial year; as well as an amount of approximately HK$7,293,000 representing a portion of the total bank borrowings being classified as current due to the repayment on demand clause (Note 22), both of which were used for financing purchases of property, plant and equipment. Based on the Group's history of its operating performance and its expected future working capital together with the availability of undrawn banking facilities, the directors believe that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, the directors consider that it is appropriate to prepare the Financial Information on a going concern basis.

The following new or revised standards and amendments to standards are relevant to the Group's operation which are effective for annual periods beginning after 1 January 2013 and have not been early adopted:

		Effective for accounting period beginning on or after
HKAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HK(IFRIC)-Int 21	Levies	1 January 2014

The Group has commenced the assessment of the impact of these new or revised standards and amendments to standards but is not yet in a position to state whether they would have a significant impact on the Group's results of operations and its financial position.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) Business combination

The Group applies the acquisition method to account for business combinations, except for the Reorganisation as described in Note 1.2 above. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the combined statements of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in the combined statements of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within the combined statements of changes in equity.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

(a) Business combination *(Continued)*

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the combined statements of comprehensive income.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in the combined statements of changes in equity. Gains or losses on disposals to non-controlling interests are also recorded in the combined statements of changes in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the combined statements of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the combined statements of comprehensive income.

2.3 Non-controlling interests

Non-controlling interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the combined balance sheets separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the combined statements of comprehensive income as an allocation of the total profit or loss for the year between non-controlling interests and owners of the Company.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO") of the Group who makes strategic decisions.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Foreign currency transaction

(a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information are presented in Hong Kong dollars ("HK$"), which is also the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the combined statements of comprehensive income. Foreign exchange gains and losses are presented in the combined statements of comprehensive income within 'other expenses'.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the combined statements of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Shorter of 5 years and the unexpired lease term
Air-conditioning	Shorter of 5 years and the unexpired lease term
Equipment and kitchen utensils	5 years
Furniture and fixtures	5 years
Motor vehicles	3 1/3 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other expenses' in the combined statements of comprehensive income.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life for example, goodwill, are not subject to amortisation and are tested annually for impairment.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than twelve months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade receivables', 'amounts due from related companies', 'amounts due from directors', 'amount due from a non-controlling shareholder', 'pledged bank deposits' and 'cash and cash equivalents' in the combined balance sheets (see Notes 2.12 and 2.13).

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Financial assets *(Continued)*

(b) 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 value plus transaction costs for all financial assets not carried at fair value through profit or loss. 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. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the combined balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Impairment of financial assets carried at amortised cost

The Group assesses at each balance sheet date whether there is an 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 an 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 reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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 combined statements of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Trade and other receivables

Trade receivables are amounts due from customers 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 amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents and pledged bank deposits

In the combined cash flow statements, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Pledged bank deposits represent the amounts of cash pledged as collateral to banks for guarantee on utilities deposits.

2.14 Trade and other payables

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

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

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the combined statements of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.16 Borrowing costs

All borrowing costs are recognised in the combined statements of comprehensive income in the period in which they are incurred since no borrowing cost are directly attributable to the acquisition, construction or production of qualified assets.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the combined statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Employee benefits

(a) Pension obligation

The Group operates a defined contribution plan, the mandatory provident fund scheme ("MPF") in Hong Kong, the assets of which are generally held in separate trustee-administered funds.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund on a reduction in the future payments is available.

The Group's contributions to the defined contribution plan are charged to combined statements of comprehensive income in the year incurred.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the Group has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the balance sheet date are discounted to their present value.

(d) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Employee benefits *(Continued)*

(e) Long service payments

The Group's net obligation in respect of long service payments to its employees in Hong Kong upon cessation of their employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement schemes that are attributed to contributions made by the Group. The discount rate is the yield at the balance sheet date of Hong Kong Government's Exchange Fund Notes which have terms to maturity approximating the terms of the related liability. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in other comprehensive income in the year in which they occur in the combined statements of comprehensive income.

2.19 Share-based payment

Equity-settled share-based payment transaction

The fair value of services rendered in exchange for the share-based payment is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share-based payment:

- including any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Provision for reinstatement costs

Provision for reinstatement costs represents the present value of the estimated cost for the restoration work of the Group's leased retail shops agreed to be carried out upon the expiry of the relevant leases using a risk-free pre-tax interest rate. The provision has been determined by the directors based on their best estimates. The related reinstatement costs have been included as leasehold improvement in the combined balance sheets.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from Chinese restaurants operations

Revenue is recognised when the related catering services are rendered to customers.

(b) Revenue from provision of wedding services

Revenue from provision for wedding services, such as wedding planning, wedding gown sales and rentals, hair and makeup, photography and video, venue design and decoration, car rentals, hotel booking, wedding invitation cards design and printing, wedding master of ceremonies, marriage celebrant services, 'good luck woman' services and cake catering, is recognised in the accounting period in which the services are rendered.

(c) Sales of goods

Revenue from sales of goods is recognised upon the transfer of risks and rewards of ownership, which generally coincides with the date of delivery.

(d) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the combined statements of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Leases *(Continued)*

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the combined statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.24 Dividend distribution

Dividend distribution to the shareholders of the Company and its subsidiaries is recognised as a liability in the Financial Information in the period in which the dividends are approved by the shareholders or directors, where appropriate, of the respective companies.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge its risk exposures to changes in foreign exchange rates and interest rates.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

Most of the income and expenditures of the Group are denominated in Hong Kong dollars and hence, the Group does not have any material foreign exchange exposure. The Group has not implemented or entered into any type of instruments or arrangements to hedge against currency exchange fluctuations for the years under review. As at 31 December 2011 and 2012 and 31 July 2013, the Group did not have any outstanding hedging instruments.

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) *Market risk* *(Continued)*

(ii) Cash flow and fair value interest rate risk (Continued)

The Group's interest rate risk arises from bank deposits and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank deposits held at variable rates. The interest rate profile of borrowings is disclosed in Note 22. The bank deposits generate interest at the prevailing market interest rates.

As at 31 December 2011, if interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's loss for the year and total deficit would have increased/decreased by approximately HK$17,000, mainly as a result of higher/lower interest income and expense on floating rate bank deposits and borrowings.

As at 31 December 2012, if interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's profit for the year and total equity would have decreased/increased by approximately HK$4,000, mainly as a result of higher/lower interest income and expense on floating rate bank deposits and borrowings.

As at 31 July 2013, if interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's profit for the period and total equity would have decreased/increased by approximately HK$55,000, mainly as a result of higher/lower interest income and expense on floating rate bank deposits and borrowings.

(b) *Credit risk*

The Group's credit risk is primarily attributable to bank deposits, deposits, trade receivables, amounts due from related companies and directors and a non-controlling shareholder. Management has policies in place and exposures to these credit risks are monitored on an ongoing basis.

To mitigate the risk arising from banks, the Group places their deposits to certain reputable banks with a minimum rating of "investment grade" ranked by an independent party. See Note 18 for further disclosure on credit risk.

Majority of the Group's revenue is on cash basis, therefore there is no significant concentration of credit risk.

Amounts due from related companies, directors and a non-controlling shareholder are continuously monitored by assessing the credit quality of the respective counterparties, taking into account its financial position, past experience and other factors. Where necessary, impairment loss is made for estimated irrecoverable amounts. As at 31 December 2011 and 2012 and 31 July 2013, no impairment is considered necessary for the amounts due from related companies, directors and a non-controlling shareholder.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined balance sheets.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term. Management believes that there is no significant liquidity risk as the Group is able to generate net cash inflow from operating activities and has sufficient committed facilities to fund its operations and debt servicing requirements and to satisfy its future working capital and other financing requirements from its operation cash flows and available bank financing.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	HK$'000	*HK$'000*	*HK$'000*
At 31 December 2011			
Trade payables	15,568	—	—
Accruals	13,134	—	—
Amounts due to related companies	237	—	—
Amounts due to directors	4,880	—	—
Borrowings	5,635	—	—
At 31 December 2012			
Trade payables	12,637	—	—
Accruals	12,847	—	—
Amounts due to related companies	213	—	—
Amount due to a non-controlling shareholder	1,033	—	—
Borrowings	4,482	—	—
At 31 July 2013			
Trade payables	10,519	—	—
Accruals	24,020	—	—
Amounts due to related companies	339	—	—
Borrowings	14,027	—	—

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

The table following summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount includes interest payments computed using contractual rates. Taking into account the Group's net assets, the directors do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis — term loans subject to a repayment on demand clause based on scheduled repayments			
	Within 1 year	**Over 1 year but less than 2 years**	**Over 2 years but less than 5 years**	**Over 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2011	3,084	1,367	1,025	—
31 December 2012	1,367	1,025	—	—
31 July 2013	6,285	5,211	2,468	—

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the combined balance sheets) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the combined balance sheets plus net debt.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management *(Continued)*

The Group's strategy, which was unchanged during the Relevant Periods, was to lower the gearing ratio to an acceptable level. The gearing ratios at 31 December 2011 and 2012 and 31 July 2013 were as follows:

	As at 31 December		
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Total borrowings *(Note 22)*	5,427	4,168	13,676
Less: cash and cash equivalents *(Note 18)*	(18,239)	(22,674)	(11,811)
Net (cash)/debt	(12,812)	(18,506)	1,865
Total equity	12,975	36,589	58,730
Total capital	163	18,083	60,595
Gearing ratio	N/A	N/A	3%

As at 31 December 2011 and 2012, the Group was at net cash position, hence the gearing ratio was not applicable. As at 31 July 2013, the increase in the gearing ratio resulted from the increase in borrowings for acquiring of property, plant and equipment for a newly opened restaurant.

3.3 Fair value estimation

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of property, plant and equipment

The Group has significant investments in property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each balance sheet date.

Useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Useful lives of property, plant and equipment *(Continued)*

Change in estimates

In March 2013, the Group changed its estimate of the useful economic life of the property, plant and equipment from a period of five years to three years for a restaurant located in Wan Chai as the Group was not able to renew the lease agreement of the property of this restaurant. This change has increased depreciation by approximately HK$3,239,000 for the seven months ended 31 July 2013. Asset lives have not been changed for property, plant and equipment for recurring items. No future impact of this change in accounting estimate is expected subsequent to the termination of this lease agreement.

(b) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.8. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates.

There will not be any impairment charges for the years ended 31 December 2011 and 2012 and the seven months ended 2013 against goodwill in CGUs if the discount rate for the Group had been 1 percentage point higher than management's estimates or the annual growth rate for the Group had been 1 percentage point lower than management's estimates.

(c) Impairment of non-financial assets excluding goodwill

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may be not recoverable. The recoverable amounts have been determined based on fair value less costs to sell or value-in-use valuations. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of its operations.

(d) Income tax

The Group is subject to current income tax. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(d) Income tax *(Continued)*

The Group's management determines the deferred income tax assets based on the enacted or substantively enacted tax rates (and laws) and the best knowledge of profit projections of the Group for coming years during which the deferred income tax assets are expected to be utilised. In assessing the amount of deferred income tax assets that need to be recognised, the Group considers future taxable income and ongoing prudent and feasible tax planning strategies. In the event that the Group estimates of projected future taxable income and benefits from available tax strategies are changed, or changes in current tax regulations are enacted that would impact the timing or extent of the Group's ability to utilise the tax benefits of net operating loss carry forwards in the future, adjustments to the recorded amount of net deferred income tax assets and income tax expense would need to be made. In addition, management will revisit the assumptions and profit projections at each balance sheet date.

(e) Provision for reinstatement costs

Provision for reinstatement costs is estimated at the inception of leasing property with reinstatement clause and reassessed at each balance sheet date with reference to the latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual reinstatement cost upon closures or relocation of existing premises occupied by the Group.

(f) Fair value of share-based payment

The fair value of the share-based payment is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that mainly based on non-vesting conditions. The Group has used discounted cash flow analysis for the valuation of the share-based payment.

The amount of the share-based payment would be an estimated HK$3,988,000 lower or HK$6,656,000 higher were the discount rate used in the discount cash flow analysis to differ by 3 percentage points from management's estimates.

5 SEGMENT INFORMATION

The CODM has been identified as the CEO of the Company who reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax. The CODM considers all business is included in a single operating segment.

The Group is principally engaged in the operation of a chain of Chinese restaurants in Hong Kong. Information reported to the CODM for the purpose of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated. Accordingly, the Group has identified one operating segment — operation of Chinese restaurants in Hong Kong, and segment disclosures are not presented.

The Group's revenue is mainly derived from customers in Hong Kong. The principal assets of the Group were also located in Hong Kong as at 31 December 2011 and 2012 and 31 July 2013. Accordingly, no analysis by geographical segment is provided. For the years ended 31 December 2011 and 2012 and the seven months ended 31 July 2012 and 2013, there are no single external customers contributed more than 10% revenue of the Group.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

6 REVENUE AND OTHER INCOME

Turnover consists of revenue from (i) the operation of Chinese restaurants including provision of dining and wedding banquet services, (ii) provision of wedding services, and (iii) sales of goods, including fresh vegetables, fruits and fresh seafood during the years ended 31 December 2011 and 2012 and the seven months ended 31 July 2013 and 2013 are as follows:

	Year ended 31 December		**Seven months ended 31 July**	
	2011	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue				
Revenue from Chinese restaurants operations	255,476	297,384	159,777	181,951
Revenue from provision of wedding services	3,597	6,202	3,177	3,343
Revenue from sales of goods	—	578	—	3,782
	259,073	304,164	162,954	189,076
Other income				
Forfeiture of deposits received	773	1,078	436	349
Miscellaneous income	105	38	5	105
	878	1,116	441	454
Total revenue and other income	259,951	305,280	163,395	189,530

7 OTHER EXPENSES

	Year ended 31 December		**Seven months ended 31 July**	
	2011	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Auditors' remuneration	247	281	97	97
Advertising and promotions	8,381	7,329	4,090	4,334
Cleaning and laundry expenses	4,439	3,697	2,091	2,680
Cost of inventories sold *(Note a)*	—	374	—	2,410
Cost of provision of wedding services	981	1,505	756	765
Credit card charges	2,227	3,178	1,787	1,859
Kitchen consumables	1,623	1,200	626	1,089
Repairs and maintenance	3,800	3,393	1,980	1,826
Written off of property, plant and equipment *(Note 13)*	54	4	4	—
Entertainment	2,322	2,896	1,910	1,569
Consumable stores	1,450	1,677	871	1,338
Insurance	882	1,555	792	1,304
Legal and professional fee	164	1,637	898	208
Printing and stationery	1,144	785	422	625
Staff messing	1,423	1,704	1,025	1,302
Services fee to temporary workers	6,972	10,104	5,280	7,211
Wedding banquet expenses	2,656	2,585	1,363	1,271
Transportation	653	930	480	816
Professional fee in respect of listing	—	—	—	5,726
Others	2,381	2,704	1,908	2,800
	41,799	47,538	26,380	39,230

Note a:

The cost of inventories sold represented the cost of fresh vegetables, fruits and seafood for sales to third parties by a subsidiary of the Group and the business of which did not start until October 2012. It is different from the cost of materials consumed shown on the combined statements of comprehensive income, which is directly related to the revenue from Chinese restaurants operations.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

8 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 December		Seven months ended 31 July	
	2011	2012	2012	2013
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Wages, salaries and bonuses	67,694	70,799	40,230	44,600
Pension costs — defined contribution plans	3,028	3,100	1,786	1,949
Unutilised annual leave	359	366	451	100
Long service payment	24	162	112	249
	71,105	74,427	42,579	46,898

(a) Pensions — defined contribution plans

Contributions totalling approximately HK$257,000 and HK$273,000, HK$496,000 and HK$568,000 were payable to the MPF fund as at 31 December 2011 and 2012 and 31 July 2012 and 2013, respectively.

(b) Directors' and CEO's emoluments

The remuneration of every director and the CEO for the year ended 31 December 2011 is set out below:

	Fees	Basic salaries, allowances and benefits	Discretionary bonuses	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Chairman and CEO					
Cheung Ka Ho *(Note (i))*	—	1,200	—	12	1,212
Executive directors					
Cheung Ka Kei	—	1,200	—	12	1,212
Kan Yiu Pong	—	169	31	7	207
	—	2,569	31	31	2,631

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

8 EMPLOYEE BENEFITS EXPENSE *(Continued)*

(b) Directors' and CEO's emoluments *(Continued)*

The remuneration of every director and the CEO for the year ended 31 December 2012 is set out below:

	Fees	Basic salaries, allowances and benefits	Discretionary bonuses	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Chairman and CEO					
Cheung Ka Ho *(Note (i))*	—	1,200	—	14	1,214
Executive directors					
Cheung Ka Kei	—	1,200	—	14	1,214
Kan Yiu Pong	—	333	33	14	380
	—	2,733	33	42	2,808

The remuneration of every director and the CEO for the seven months ended 31 July 2013 is set out below:

	Fees	Basic salaries, allowances and benefits	Discretionary bonuses	Employer's contribution to pension scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Chairman and CEO					
Cheung Ka Ho *(Note (i))*	—	700	—	9	709
Executive directors					
Cheung Ka Kei	—	700	—	9	709
Kan Yiu Pong	—	202	—	9	211
	—	1,602	—	27	1,629

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

8 EMPLOYEE BENEFITS EXPENSE *(Continued)*

(b) Directors' and CEO's emoluments *(Continued)*

The remuneration of every director and the CEO for the seven months ended 31 July 2012 is set out below:

(Unaudited)	Fees *HK$'000*	Basic salaries, allowances and benefits *HK$'000*	Discretionary bonuses *HK$'000*	Employer's contribution to pension scheme *HK$'000*	Total *HK$'000*
Chairman and CEO					
Cheung Ka Ho *(Note (i))*	—	700	—	8	708
Executive directors					
Cheung Ka Kei	—	700	—	8	708
Kan Yiu Pong	—	193	—	8	201
	—	1,593	—	24	1,617

Note (i): The director is also the CEO, hence no separate disclosure in respect of the remuneration of the CEO has been made.

No directors waived or agreed to waive any emoluments during the Relevant Periods. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any directors during the Relevant Periods.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the Relevant Periods include two directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three individuals during the Relevant Periods are as follows:

	Year ended 31 December		Seven months ended 31 July	
	2011	2012	2012	2013
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Basic salaries, allowances and benefits	1,392	1,383	808	809
Discretionary bonuses	56	474	310	23
Employer's contribution to pension scheme	28	42	23	27
	1,476	1,899	1,141	859

The emoluments of the above three individuals above fell within the band of nil — HK$1,000,000 during the Relevant Periods.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

9 FINANCE (COSTS)/INCOME — NET

	Year ended 31 December		Seven months ended 31 July	
	2011	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Finance costs				
— Interest expense on bank borrowings wholly repayable within five years	(321)	(189)	(121)	(79)
— Interest expense on finance lease liabilities	(23)	(23)	(14)	(62)
— Unwinding of discount of provision for reinstatement costs *(Note 24)*	(73)	(64)	(37)	(97)
	(417)	(276)	(172)	(238)
Finance income				
— Interest income on short-term bank deposits	1	3	1	—
— Interest income arising from discount of non-current rental deposits	385	395	266	334
	386	398	267	334
Finance (costs)/income — net	(31)	122	95	96

10 INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December		Seven months ended 31 July	
	2011	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Current income tax				
Current income tax on profits for the year	183	5,398	910	3,855
Deferred income tax *(Note 23)*				
Origination and reversal of temporary differences	(488)	375	470	(1,746)
Income tax (credit)/expense	(305)	5,773	1,380	2,109

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2011 and 2012, and the seven months ended 31 July 2012 and 2013.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

10 INCOME TAX (CREDIT)/EXPENSE *(Continued)*

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	Year ended 31 December		Seven months ended 31 July	
	2011	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss)/profit before income tax	(3,183)	29,356	6,743	5,225
Tax calculated at tax rate of 16.5%	(525)	4,844	1,113	862
Income not subject to tax	(64)	(66)	(44)	(55)
Expenses not deductible for tax purposes	284	995	311	1,302
	(305)	5,773	1,380	2,109

11 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results for each of the years ended 31 December 2011 and 2012 and the seven months ended 31 July 2012 and 2013 on a combined basis as disclosed in Note 1.3 above.

12 DIVIDENDS

No dividends have been declared and paid by the companies now comprising the Group to their then respective shareholders for the years ended 31 December 2011 and 2012 and the seven months ended 31 July 2012 and 2013.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Air-conditioning *HK$'000*	Equipment and kitchen utensils *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
At 1 January 2011						
Cost	24,693	4,418	15,551	19,003	728	64,393
Accumulated depreciation	(8,741)	(1,655)	(5,683)	(14,023)	(218)	(30,320)
Net book amount	15,952	2,763	9,868	4,980	510	34,073
Year ended 31 December 2011						
Opening net book amount	15,952	2,763	9,868	4,980	510	34,073
Additions	889	62	501	221	—	1,673
Write off *(Note 7)*	—	—	(54)	—	—	(54)
Depreciation charge	(5,052)	(851)	(3,043)	(1,622)	(218)	(10,786)
Closing net book amount	11,789	1,974	7,272	3,579	292	24,906
At 31 December 2011						
Cost	25,582	4,480	15,984	19,224	728	65,998
Accumulated depreciation	(13,793)	(2,506)	(8,712)	(15,645)	(436)	(41,092)
Net book amount	11,789	1,974	7,272	3,579	292	24,906
Year ended 31 December 2012						
Opening net book amount	11,789	1,974	7,272	3,579	292	24,906
Additions	5,616	294	1,100	660	1,600	9,270
Write off *(Note 7)*	—	—	(4)	—	—	(4)
Depreciation charge	(6,102)	(904)	(3,215)	(1,744)	(218)	(12,183)
Closing net book amount	11,303	1,364	5,153	2,495	1,674	21,989
At 31 December 2012						
Cost	31,198	4,774	17,079	19,884	2,328	75,263
Accumulated depreciation	(19,895)	(3,410)	(11,926)	(17,389)	(654)	(53,274)
Net book amount	11,303	1,364	5,153	2,495	1,674	21,989
Seven months ended 31 July 2013						
Opening net book amount	11,303	1,364	5,153	2,495	1,674	21,989
Additions	14,626	2,484	4,468	6,754	—	28,332
Depreciation charge	(5,288)	(819)	(2,646)	(1,128)	(354)	(10,235)
Closing net book amount	20,641	3,029	6,975	8,121	1,320	40,086

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold improvements	Air-conditioning	Equipment and kitchen utensils	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 July 2013						
Cost	42,062	6,414	18,133	25,909	2,328	94,846
Accumulated depreciation	(21,421)	(3,385)	(11,158)	(17,788)	(1,008)	(54,760)
Net book amount	20,641	3,029	6,975	8,121	1,320	40,086
Seven months ended 31 July 2012 (unaudited)						
Opening net book amount	11,789	1,974	7,272	3,579	292	24,906
Additions	4,952	164	873	482	—	6,471
Write off *(Note 7)*	—	—	(4)	—	—	(4)
Depreciation charge	(3,070)	(501)	(1,795)	(955)	(128)	(6,449)
Closing net book amount	13,671	1,637	6,346	3,106	164	24,924
At 31 July 2012 (unaudited)						
Cost	30,536	4,644	16,850	19,706	728	72,464
Accumulated depreciation	(16,865)	(3,007)	(10,504)	(16,600)	(564)	(47,540)
Net book amount	13,671	1,637	6,346	3,106	164	24,924

Equipment and kitchen utensils and motor vehicles include the following amounts where the Group is a lessee under finance leases:

Equipment and kitchen utensils	**As at 31 December**		**As at 31 July**
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Cost — capitalised finance leases	342	477	477
Accumulated depreciation	(114)	(208)	(263)
Net book amount	228	269	214

Motor vehicles	**As at 31 December**		**As at 31 July**
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Cost — capitalised finance leases	—	1,600	—
Accumulated depreciation	—	—	—
Net book amount	—	1,600	—

The Group leases various equipment and motor vehicles under non-cancellable finance lease agreements. The lease terms are between four and five years, and ownership of the assets lie within the Group.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

14 GOODWILL

	Total
	HK$'000
At 1 January 2011, 31 December 2011 and 31 December 2012 and 31 July 2013	
Cost and net book value	18,576

Impairment test of goodwill

Prior to 19 June 2009, Mr. Cheung KK, Mr. Cheung KH and other two partners ("Ex-Partners") together operated eight Chinese restaurants in Hong Kong through eight individual companies. Six of them were held by Choi Fook Group Company Limited ("Choi Fook Group") and two of them were held by Mr. Cheung KH on behalf of Choi Fook Group.

On 19 June 2009, a settlement agreement ("Settlement Agreement") was entered into among Mr. Cheung KK, Mr. Cheung KH and the Ex-Partners in relation to the settlement of the disputes between Mr. Cheung KK and Mr. Cheung KH of one part and the Ex-Partners of the other part arising from their co-operation in the operation of Chinese restaurants in Hong Kong. Pursuant to the Settlement Agreement which, among others, deals with the allocation by drawing lots of these eight restaurants, Mr. Cheung KH and Mr. Cheung KK took up the restaurants respectively located in Mong Kok, Tsim Sha Tsui, Causeway Bay and North Point and operated by Step up, Million Talent, Vast Rainbow and Choi Fook Seafood and the Ex-Partners took up the remaining restaurants.

The allocation was implemented by way of transfer of the share capital of the relevant companies which operated the restaurants from Choi Fook Group to Mr. Cheung KH and Mr. Cheung KK of one part and the Ex-Partners of the other part according to the results of the drawing lots. Mr. Cheung KH and Mr. Cheung KK obtained the entire equity interests in Step up, Million Talent, Vast Rainbow and Choi Fook Seafood through transferring out their 50% equity interests in other four companies operated the other restaurants took up by the Ex-Partners of which the fair value was approximately HK$49,476,000, giving rise to a goodwill of approximately HK$18,576,000. Since then, the Group, via Mr. Cheung KH and Mr. Cheung KK, owns 100% of each of Step up, Million Talent, Vast Rainbow and Choi Fook Seafood.

The goodwill is all allocated to the Group's sole operating segment – operation of Chinese restaurants in Hong Kong.

The recoverable amount is calculated using pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the Chinese restaurant business.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

14 GOODWILL *(Continued)*

The key assumptions used for the calculation in 2011 are as follows:

Average annual growth rate	2.1%
Discount rate	14.6%

The key assumptions used for the calculation in 2012 are as follows:

Average annual growth rate	2.1%
Discount rate	14.1%

The key assumptions used for the calculation in 2013 are as follows:

Average annual growth rate	2.8%
Discount rate	15.0%

Management determined budgeted financial performance based on past performance and its expectations of the market development. The average annual growth rate used is consistent with the forecasts of the market. The discount rate used is pre-tax and reflects specific risks relating to the segment. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

15 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	As at 31 December		As at 31 July
	2011	2012	2013
	HK$'000	*HK$'000*	*HK$'000*
Assets as per combined balance sheets			
Loans and receivables			
Trade receivables	252	724	1,435
Amounts due from related companies	7,504	8,108	9,704
Amounts due from directors	—	23,518	33,576
Amount due from a non-controlling shareholder	—	—	1,197
Pledged bank deposits	1,095	2,096	1,096
Cash and cash equivalents	18,239	22,674	11,811
Liabilities as per combined balance sheets			
Other financial liabilities at amortised cost			
Trade payables	15,568	12,637	10,519
Accruals	13,134	12,847	24,020
Amounts due to related companies	237	213	339
Amount due to a non-controlling shareholder	—	1,033	—
Amounts due to directors	4,880	—	—
Borrowings	5,427	4,168	13,676

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

16 TRADE RECEIVABLES

The ageing analysis of trade receivables based on invoice date is as follows:

	As at 31 December		As at 31 July
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	252	465	771
31 to 60 days	—	233	481
61 to 90 days	—	14	183
Over 90 days	—	12	—
	252	724	1,435

The Group's sales from its Chinese restaurants operations are mainly conducted in cash or by credit cards. The credit period granted by the Group to its customers in wedding related business and sales of goods ranges from 0 to 90 days. As at 31 December 2011 and 2012 and 31 July 2013, trade receivables that were not past due nor impaired amounted to approximately HK$252,000, HK$712,000 and HK$1,435,000, respectively. These balances relate to a wide range of customers for whom there was no recent history of default.

As at 31 December 2011 and 2012 and 31 July 2013, trade receivables of nil, approximately HK$12,000 and nil were past due but not impaired, respectively. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables by overdue date is as follows:

	As at 31 December		As at 31 July
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Over 90 days	—	12	—

As at 31 December 2011 and 2012 and 31 July 2013, no trade receivables were impaired. No provision for impairment of trade receivables was made as at 31 December 2011 and 2012 and 31 July 2013.

The carrying amounts of trade receivables approximate their fair values and are denominated in Hong Kong dollars. The maximum exposure to credit risk at the balance sheet date is the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

17 DEPOSITS AND PREPAYMENTS

	As at 31 December		As at 31 July
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Rental deposits	9,930	12,348	11,648
Utilities deposits	3,822	3,637	4,180
Other deposits	890	710	2,077
Prepayments	1,450	1,954	4,057
Prepayment for consultancy services	—	—	18,950
Deferred cost for listing	—	—	918
	16,092	18,649	41,830
Less: Non-current portion			
— rental deposits	(6,178)	(7,305)	(10,051)
— prepayment for consultancy services	—	—	(16,728)
Current portion	9,914	11,344	15,051

The carrying amounts of deposits and prepayments approximate their fair values and are denominated in Hong Kong dollars.

18 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 31 December		As at 31 July
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Cash at banks	17,038	21,747	10,844
Cash on hand	1,201	927	967
Cash and cash equivalents	18,239	22,674	11,811
Pledged bank deposits	1,095	2,096	1,096
Total	19,334	24,770	12,907
Maximum exposure to credit risk	18,133	23,843	11,940

Majority of the Group's cash and cash equivalents and pledged bank deposits are denominated in Hong Kong dollars. Cash at banks and pledged bank deposits earn interest at floating rates based on daily bank deposit rates.

The pledged bank deposits as at 31 December 2011 and 2012 and 31 July 2013 were pledged to banks for guarantee on rental deposits.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

19 SHARE-BASED PAYMENT

On 10 May 2013, Choi Fook Holdings allotted and issued 75,000 new shares to Century Great which would be entirely exchanged to the shares of the Company upon completion of the Reorganisation on 19 November 2013 (Note 1.2) at a consideration of HK$75,000 and the services to be provided by Century Great which include, inter alia, reviewing the Group's business operations and development and management policies from time to time, devising the Group's marketing plan, seeking strategic investors for the Group and arranging regular trainings for directors and members of the senior management for a term of five full financial years after the listing ("the vesting period"). Century Great is liable to compensate the Group for all losses and damages resulting from its failure to provide the abovementioned services at any time during the vesting period.

Century Great undertakes that within the five full financial years after the listing, it will not, for each year, sell, or dispose of more than 20% of the entire shares which are beneficially owned by it upon the listing. Non-vesting condition refers to the lock-up period for the shares which are taken into account by adjusting the fair value of the shares so that the amount reflects the discount for the lock-up period.

The fair value of the shares issued in return for services received approximates the fair value of services received by the Group. The estimate of fair value of services received is measured based on the discounted cash flow model. The fair value of the shares issued as at 10 May 2013 as determined by using the discounted cash flow is approximately HK$19.0 million, discount rate of 15.0%, lack of control discount of 26.7% and terminal growth rate of 2.8%.

The commencement date of the services received by the Group will be upon the listing. The entire share-based payment of HK$19.0 million would be recognised as prepayment as at 31 July 2013 and subsequently amortised to the combined statements of comprehensive income over the vesting period after the listing.

20 TRADE PAYABLES

The ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December		**As at 31 July**
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	9,129	7,279	6,379
31 to 60 days	6,374	5,275	4,132
61 to 90 days	3	39	8
Over 90 days	62	44	—
	15,568	12,637	10,519

The carrying amounts of trade payables approximate their fair values and are denominated in Hong Kong dollars.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

21 ACCRUALS AND PROVISIONS AND DEPOSITS RECEIVED

	As at 31 December		As at 31 July
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Accrued wages, salaries and bonuses	6,694	7,273	6,863
Accrued rental expenses	12,642	9,501	7,038
Accrued utilities expenses	1,336	1,354	2,155
Other payables for purchases of property, plant and equipment	—	—	10,033
Other accrued expenses	4,789	3,988	4,928
Provision for unutilised annual leave	609	975	1,074
Provision for long service payment	109	271	520
Total accruals and provisions	26,179	23,362	32,611
Less: Non-current portion			
— accrued rental expenses	(10,009)	(5,974)	(5,778)
	16,170	17,388	26,833
Deposits received for banquets	21,776	30,371	33,799
Deposits received for wedding related services	627	2,507	1,831
Other deposits received	281	197	55
Total deposits received	22,684	33,075	35,685
Less: Non-current portion			
— deposits received for banquets	(2,415)	(1,959)	(4,380)
Current portion of deposits received	20,269	31,116	31,305
	36,439	48,504	58,138

The carrying amounts of accruals and provisions and deposits received approximate their fair values and are denominated in Hong Kong dollars.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

22 BORROWINGS

	As at 31 December 2011	As at 31 December 2012	As at 31 July 2013
	HK$'000	*HK$'000*	*HK$'000*
Non-current			
Finance lease liabilities *(Note (b))*	174	1,426	132
	174	1,426	132
Current			
Bank borrowings *(Note (a))*	5,187	2,281	13,444
Finance lease liabilities *(Note (b))*	66	461	100
	5,253	2,742	13,544
Total borrowings	5,427	4,168	13,676

Notes:

(a) Bank borrowings

	As at 31 December 2011	As at 31 December 2012	As at 31 July 2013
	HK$'000	*HK$'000*	*HK$'000*
Bank borrowings due for repayment within one year	2,906	1,278	6,151
Bank borrowings due for repayment after one year which contain a repayment on demand clause	2,281	1,003	7,293
Wholly repayable within five years	5,187	2,281	13,444

The bank borrowings are exposed to interest rate changes and the contractual repricing dates are 6 months or less at each balance sheet date. The weighted effective interest rates of bank borrowings at the balance sheet date are as follows:

	As at 31 December 2011	As at 31 December 2012	As at 31 July 2013
Bank borrowings	5.33%	5.25%	3.35%

The carrying amounts of current bank borrowings approximate their fair values, as the impact of discounting is not significant, and are denominated in Hong Kong dollars. As at 31 December 2011 and 2012 and July 2013, bank borrowings were guaranteed by the Ultimate Controlling Shareholders of the Group (Note 28(e)). In addition, as at 31 July 2013, one of the bank borrowings was secured by investment properties of related companies (Note 28(e)).

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

22 BORROWINGS *(Continued)*

Notes: (Continued)

(a) *(Continued)*

As at 31 December 2011 and 2012 and July 2013, the Group had total banking facilities of approximately HK$5.6 million, HK$3.0 million and HK$46.0 million respectively, within which amounts of approximately HK$1.3 million, HK$2.3 million and HK$2.3 million were utilised for letters of guarantee from a bank for rental deposits and utilities deposits, and the remaining banking facilities of approximately HK$4.3 million, HK$0.7 million and HK$43.7 million were not utilised, respectively.

(b) Finance lease liabilities

The rights to the leased assets are reverted to the lessor in the event of default of the lease liabilities by the Group.

	As at 31 December		As at 31 July
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Gross finance lease liabilities			
— minimum lease payments			
No later than 1 year	81	561	113
Later than 1 year and no later than 5 years	189	1,551	141
	270	2,112	254
Future finance charges on finance leases	(30)	(225)	(22)
Present value of finance lease liabilities	240	1,887	232
The present value of finance lease liabilities is as follows:			
No later than 1 year	66	461	100
Later than 1 year and no later than 5 years	174	1,426	132
	240	1,887	232

As at 31 December 2011 and 2012 and July 2013, finance lease liabilities were secured by equipment and kitchen utensils and motor vehicles (Note 13) and personal guarantee of Mr. Cheung KH (Note 28(e)).

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

23 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December		As at 31 July
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Deferred income tax assets:			
— Deferred income tax assets to be recovered after more than 12 months	(2,002)	(2,299)	(3,161)
— Deferred income tax assets to be recovered within 12 months	(1,072)	(180)	(993)
	(3,074)	(2,479)	(4,154)
Deferred income tax liabilities:			
— Deferred income tax liabilities to be recovered after more than 12 months	65	—	—
— Deferred income tax liabilities to be recovered within 12 months	241	86	15
	306	86	15
	(2,768)	(2,393)	(4,139)

The movement in deferred income tax assets and liabilities during the Relevant Periods, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Decelerated tax depreciation	Tax losses	Provisions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2011	763	2,363	55	3,181
Credited/(charged) to combined statement of comprehensive income	689	(638)	61	112
At 31 December 2011	1,452	1,725	116	3,293
Credited/(charged) to combined statement of comprehensive income	700	(1,559)	82	(777)
At 31 December 2012	2,152	166	198	2,516
Credited to combined statement of comprehensive income	120	2,170	65	2,355
At 31 July 2013	2,272	2,336	263	4,871

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

23 DEFERRED INCOME TAX *(Continued)*

Deferred income tax liabilities

	Accelerated tax depreciation
	HK$'000
At 1 January 2011	901
Credited to combined statement of comprehensive income	(376)
At 31 December 2011	525
Credited to combined statement of comprehensive income	(402)
At 31 December 2012	123
Charged to combined statement of comprehensive income	609
At 31 July 2013	732

24 PROVISION FOR REINSTATEMENT COSTS

	As at 31 December		**As at 31 July**
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January	2,351	2,424	2,488
Unwinding of discount of provision *(Note 9)*	73	64	97
Additional provision during the year/period	—	—	940
Paid during the year/period	—	—	(652)
At 31 December/31 July	2,424	2,488	2,873
Less: Non-current portion	(2,424)	(1,858)	(2,873)
Current portion	—	630	—

Provision for reinstatement costs is recognised for the present value of costs to be incurred for the reinstatement of the properties used by the Group for its operations upon expiration of the relevant leases. As at 31 December 2011 and 2012 and 31 July 2013, the Group expected that the total undiscounted costs that would be required in the future amounted to approximately HK$2,535,000, HK$2,535,000 and HK$3,748,000, respectively.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

25 NOTES TO THE COMBINED CASH FLOW STATEMENTS

(a) Cash generated from operations

	Year ended 31 December		Seven months ended 31 July	
	2011	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss)/profit before income tax	(3,183)	29,356	6,743	5,225
Adjustments for:				
— Depreciation of property, plant and equipment *(Note 13)*	10,786	12,183	6,449	10,235
— Written off of property, plant and equipment *(Note 7)*	54	4	4	—
— Finance costs *(Note 9)*	417	276	172	238
— Finance income *(Note 9)*	(386)	(398)	(267)	(334)
Operating profit before changes in working capital	7,688	41,421	13,101	15,364
Changes in working capital:				
— Trade receivables	957	(472)	(149)	(711)
— Deposits and prepayments	1,289	(2,162)	(3,903)	(3,099)
— Trade payables	2,595	(2,931)	(5,356)	(2,118)
— Accruals and provisions	(308)	(2,817)	663	(784)
— Deposits received	(874)	10,391	13,194	2,610
Cash generated from operations	11,347	43,430	17,550	11,262

(b) Non-cash transactions

During the years ended 31 December 2011 and 2012, the principal non-cash transaction was the acquisition of property, plant and equipment under finance leases amounting to nil and approximately HK$1,734,000, respectively.

During the seven months ended 31 July 2013, the principal non-cash transactions were payables for purchases of property, plant and equipment and prepayment for consultancy services of approximately HK$10,033,000 (Note 21) and HK$18,950,000 (Note 17), respectively.

26 CONTINGENCIES

The Group did not have any significant contingent liabilities as at 31 December 2011 and 2012 and July 2013.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

27 OPERATING LEASE COMMITMENTS

The Group leases various restaurant properties and equipment under non-cancellable and optional operating lease agreements. The lease agreements are between two and nine years, and majority of lease arrangements are renewable at the end of the lease period with either pre-set increment rate or market rate to be agreed with landlord.

The operating leases of certain restaurant properties also call for additional rentals, which will be based on a certain percentage of revenue of the operation being undertaken therein pursuant to the terms and conditions as stipulated in the respective rental agreements. As the future revenue of these restaurants could not be accurately determined as at the balance sheet date, the relevant contingent rentals have not been included.

The future aggregate minimum lease payments under non-cancellable operating leases in respect of properties and equipment are as follows:

	As at 31 December		As at 31 July
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
No later than 1 year	25,639	40,743	47,393
Later than 1 year and no later than 5 years	9,055	43,976	114,119
Later than 5 years	—	—	27,345
	34,694	84,719	188,857

The future aggregate lease payments under optional operating leases in respect of properties are as follows:

	As at 31 December		As at 31 July
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
No later than 1 year	9,891	7,635	—
Later than 1 year and no later than 5 years	78,758	71,222	63,033
Later than 5 years	12,867	52,762	87,746
	101,516	131,619	150,779

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

28 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise control or significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

(a) Related parties

The directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group during the Relevant Periods:

Name	**Relationship with the Group**
Billion Treasure	Controlled by the Ultimate Controlling Shareholders
Ka Ho Educational Paper Company Limited ("Ka Ho Educational Paper")	A Company owned by connected person of Mr. Cheung KH
Kind Rainbow Creation Limited ("Kind Rainbow")	Controlled by the Ultimate Controlling Shareholders
Tai Cheong Hong	Controlled by Mr. Cheung KK
Choi Fook Global Group Limited	Controlled by the Ultimate Controlling Shareholders

(b) Transactions with related parties

The Group had the following significant transactions with its related parties during the Relevant Periods:

	Year ended 31 December		**Seven months ended 31 July**	
	2011	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Continuing transactions:				
Rental expenses paid or payable to a related company				
— Billion Treasure *(Note (i))*	920	960	560	515
Cleaning expenses paid or payable to a related company				
— Tai Cheong Hong *(Note (i))*	945	1,020	593	713
Printing and stationery expenses paid or payable to a related company				
— Ka Ho Educational Paper *(Note (i))*	288	264	159	238

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

28 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties *(Continued)*

Note:

(i) Purchases of goods or services from related companies were carried out at a rate mutually-agreed between the parties involved in the transactions. The terms of these transactions are no more favourable than those dealt with third parties.

(c) Balances with related parties

The Group had the following balances with related parties:

(i) Amounts due from related parties

	As at 31 December 2011 HK$'000	As at 31 December 2012 HK$'000	As at 31 July 2013 HK$'000
Non-trade receivables from related companies:			
— Billion Treasure	3,249	8,108	9,704
— Kind Rainbow	4,255	—	—
	7,504	8,108	9,704
Non-trade receivables from directors:			
— Mr. Cheung KH and Mr. Cheung KK	—	23,518	33,576
Non-trade receivable from a non-controlling shareholder:			
— Mr. Yip	—	—	1,197
Total	7,504	31,626	44,477

The maximum outstanding balances during the Relevant Periods were as follows:

	As at 31 December 2011 HK$'000	As at 31 December 2012 HK$'000	As at 31 July 2013 HK$'000
Maximum outstanding balances due from:			
— Billion Treasure	3,249	8,108	9,704
— Kind Rainbow	4,255	4,255	—
— Mr. Cheung KH and Mr. Cheung KK	—	23,518	33,576
— Mr. Yip	—	—	1,197

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

28 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties *(Continued)*

(ii) Amounts due to related parties

	As at 31 December		As at 31 July
	2011	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Non-trade payables to related companies:			
— Ka Ho Educational Paper	54	35	104
— Tai Cheong Hong	183	178	235
	237	213	339
Non-trade payables to a non-controlling shareholder:			
— Mr. Yip	—	1,033	—
Non-trade payables to directors:			
— Mr. Cheung KH and Mr. Cheung KK	4,880	—	—
Total	5,117	1,246	339

Receivables and payables from/to related parties are unsecured, interest free and repayable on demand. Receivables from related parties are neither past due nor impaired. The carrying amounts of amounts due from/to related parties approximate their fair values and are denominated in Hong Kong dollars.

All non-trade balances due from/to related parties as at 31 July 2013 have been fully settled in November 2013 before listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

(d) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management includes three executive directors, one operations manager and two head chefs during the Relevant Periods. The remuneration paid or payable to key management for employee services is shown below:

	Year ended 31 December		Seven months ended 31 July	
	2011	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Basic salaries, allowances and benefits	3,692	4,056	2,366	2,381
Discretionary bonuses	94	159	22	17
Employer's contribution to pension scheme	60	83	45	53
	3,846	4,298	2,433	2,451

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

28 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Key management compensation *(Continued)*

The remuneration of key management fell within the following bands:

	Number of individuals			
	Year ended 31 December		Seven months 31 July	
	2011	2012	2012 (unaudited)	2013
Remuneration bands:				
Nil — HK$1,000,000	4	4	6	6
HK$1,000,001 – HK$2,000,000	2	2	—	—

(e) Other arrangements with related parties

Banking facilities available to the Group and finance lease liabilities were guaranteed by the Ultimate Controlling Shareholders as at 31 December 2011 and 2012 and 31 July 2013. In addition, as at 31 July 2013, one of the bank borrowings was secured by investment properties of related companies.

All such guarantees have been released in November 2013 prior to the listing of the Company's shares on the Growth Enterprise Market of The Stock exchange of Hong Kong Limited.

29 EVENTS AFTER THE BALANCE SHEET DATE

(a) Distribution of dividends

On 23 September 2013, Choi Fook Holdings, which had sufficient reserve available for distribution, declared an interim dividend in the sum of HK$19.4 million to its then shareholders, which was settled on 24 September 2013 by way of offsetting its then outstanding amounts due from the Directors of approximately HK$18.0 million, and with the remaining balance of approximately HK$1.4 million being settled by cash. On 31 October 2013, Choi Fook Holdings, which had sufficient reserve available for distribution, declared a special dividend in the sum of approximately HK$18.3 million to its then shareholders, which was settled on 31 October 2013 by way of offsetting its then outstanding amounts due from the Directors of approximately HK$17.0 million, and with the remaining balance of approximately HK$1.3 million being settled by cash.

On 31 October 2013, Great Business, which had sufficient reserve available for distribution, declared an interim dividend in the sum of approximately HK$140,000 to its then shareholders, which was settled on 31 October 2013 fully by way of offsetting its then outstanding amounts due from the Directors.

II NOTES TO THE FINANCIAL INFORMATION *(Continued)*

29 EVENTS AFTER THE BALANCE SHEET DATE *(Continued)*

(a) Distribution of dividends *(Continued)*

On 31 October 2013, Smart Award, which had sufficient reserve available for distribution, declared an interim dividend in the sum of approximately HK$4.2 million to its then shareholders, which was settled on 19 November 2013 by way of offsetting its then outstanding amounts due from the Directors of approximately HK$1.1 million and a non-controlling shareholder of approximately HK$1.4 million, and with the remaining balance of approximately HK$1.7 million being settled by cash.

On 31 October 2013, General Corporation, which had sufficient reserve available for distribution, declared an interim dividend in the sum of approximately HK$2.0 million to its then shareholders, which was settled by cash on 19 November 2013.

(b) Completion of the Reorganisation

The Reorganisation was completed on 19 November 2013 and the details are summarised in Note 1.2.

III FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated on 20 June 2013. As at 31 July 2013, the Company had cash balance of HK$0.1 representing share capital of HK$0.1. Except for this, it had no other assets, liabilities or distributable reserves as at that date.

IV SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 July 2013 up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 July 2013.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong