THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chinese Food and Beverage Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

CHINESE FOOD AND BEVERAGE GROUP LIMITED
華人飲食集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8272)

(1) VERY SUBSTANTIAL ACQUISITION PROPOSED EXERCISE OF CONVERSION RIGHTS ATTACHED TO CONVERTIBLE BONDS; (2) ENTRY INTO A SHAREHOLDERS' AGREEMENT; (3) POSSIBLE VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE GRANT OF THE CALL OPTION RELATING TO THE EQUITY INTEREST IN PROFESSIONAL GUIDE ENTERPRISE LIMITED; (4) POSSIBLE VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE GRANT OF THE PUT OPTION RELATING TO THE EQUITY INTEREST IN PROFESSIONAL GUIDE ENTERPRISE LIMITED; (5) RE-ELECTION OF RETIRING DIRECTOR; AND (6) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Advisor to the Company

東英 ORIENTAL PATRON

A notice convening the extraordinary general meeting of Chinese Food and Beverage Group Limited to be held at Guo Fu Lou, LG2, The Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on Thursday, 18 September 2014 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Union Registrars Limited, 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment meeting should you so wish.

This circular will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for a minimum period of seven days from the date of its publication.

29 August 2014

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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In this circular, unless the context otherwise requires, capitalised terms used shall have the following meanings:

"Announcements"	the announcements of the Company dated 30 January 2013, 24 April 2013, 4 June 2013, 17 July 2013, 16 September 2013 and 18 October 2013
"Board"	the board of Directors
"Bond Instrument"	a bond instrument as set out in the schedules of the CB Subscription Agreement
"Break-up Event"	has the meaning given to it in this circular
"Business Day(s)"	a day (excluding Saturday and Sunday) on which licensed banks are generally open for business in Hong Kong throughout their business hours
"CB Circular"	the circular of the Company dated 20 April 2013 in relation to, among other things, the Subscription
"CB Subscription Agreement"	the convertible bonds subscription agreement dated 17 December 2012 and entered into by the Company, the Subscriber, Coqueen, the SPV, CPK and Mr. Chui Tak Keung, Duncan on 18 December 2012 in relation to the Subscription
"CMS"	China Merchants Securities Investment Management (HK) Co., Limited, a company incorporated in Hong Kong with limited liability
"CMS HK"	China Merchants Securities (HK) Co., Limited, a company incorporated in Hong Kong with limited liability
"Company"	Chinese Food and Beverage Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
"Completion"	completion of the Conversion
"connected person(s)"	has the meaning given to it under the GEM Listing Rules

"Conversion"	conversion of the Convertible Bonds into 10,000 SPV Conversion Shares by the Subscriber
"Conversion Price"	HK$20,000 per SPV Conversion Share
"Convertible Bonds"	the convertible bonds in the principal amount of HK$200 million issued by the SPV to the Subscriber pursuant to the CB Subscription Agreement
"Coqueen"	Coqueen Company Limited, a company incorporated in Hong Kong with limited liability and owned by CPK (69%), Chui Chan Oi Lin, Eileen (29%), Chui Tak Keung, Duncan (1%) and Chui Shuk Wah, Janet (1%) as at the Latest Practicable Date
"CPK"	Mr. Chui Pui Kun
"CTI"	Champion Tree Investment Limited, a company incorporated in Hong Kong with limited liability
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting(s) of the Company to be convened to consider and, if thought fit, approve the ordinary resolutions in respect of (i) the Conversion; (ii) the Shareholder's Agreement (including the grant and possible exercise of the call/put options thereunder) and the transactions contemplated thereunder; and (iii) the re-election of retiring Director
"Enlarged Group"	the Group as enlarged by the Conversion
"Event A"	issuance of a warning notice by Coqueen requiring the Subscriber and the directors concerned to desist, retract and/or remedy pursuant to the Shareholders' Agreement
"Event B"	giving a notice by Coqueen to the Subscriber for convening a meeting of the shareholders of the SPV to discuss the matters that have given rise to the breach and to identify and arrive at a mutually satisfactory solution pursuant to the Shareholders' Agreement
"FLM Further Restructuring"	forming Subsidiary E
"FLM Group"	FLM HK and FLM Kowloon

"FLM HK"	Fook Lam Moon Restaurant Limited, a company incorporated in Hong Kong with limited liability
"FLM HK Operation"	the operations of FLM HK
"FLM HK Other Shareholders"	shareholders of FLM HK as at the Latest Practicable Date including Chui Yau Foon (2.77%), Tsui Yau Hing (2.77%), Tsui Yau Hoi (2.60%), Tsui Yau Mui (2.60%) and except Coqueen and the SPV
"FLM HK Properties"	1/F. to 4/F. and Shop No. 2B, Ground Floor, Newman House, 35-45 Johnston Road, Wanchai, Hong Kong and Flat C, 3/F, Lai Yuen Apartments, 61 Russell Street, Causeway Bay, Hong Kong
"FLM HK Restructuring"	forming Subsidiary A and Subsidiary B
"FLM Kowloon"	Fook Lam Moon (Kowloon) Restaurant Limited, a company incorporated in Hong Kong with limited liability
"FLM Kowloon Operation"	the operations of FLM Kowloon
"FLM Kowloon Other Shareholder"	Great Way Investing Company Limited, the 14% shareholder of FLM Kowloon, which in turn is held as to 50% by the Company as at the Latest Practicable Date
"FLM Kowloon Properties"	1/F., and Shop 8., G/F., Luna Court, 53-59 Kimberley Road, Tsimshatsui, Kowloon
"FLM Kowloon Restructuring"	forming Subsidiary C and Subsidiary D
"FLM Restructuring"	collectively, the FLM HK Restructuring, the FLM Kowloon Restructuring and FLM Further Restructuring
"FLM Trademarks"	the "Fook Lam Moon" and "福臨門" trademarks which are registered in Hong Kong, Macau and PRC
"Further Formal Agreement"	the formal agreement to be entered into by the Company, the Subscriber, Coqueen, the SPV, CPK and Mr. Chui Tak Keung, Duncan in relation to the Subscriber Further Acquisitions on or before 31 December 2014 (or such later date as the parties to the Third Framework Agreement may agree in writing)
"GEM"	the Growth Enterprise Market of the Stock Exchange

"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM
"Group"	the Company and its subsidiaries
"Guarantors"	guarantors under the CB Subscription Agreement, namely, Coqueen, CPK and Mr. Chui Tak Keung, Duncan
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	26 August 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Macau"	Macau Special Administrative Region of the PRC
"Management Committee"	has the meaning given to it in the circular
"Maturity Date"	the day falling on the third anniversary of the date of the issue of the Convertible Bonds, and if that is not a Business Day, then on the Business Day which immediately follows next
"PRC"	the People's Republic of China for the purpose of this circular, excluding Hong Kong and Macau
"Property Holding Subsidiaries"	Subsidiary A and Subsidiary C
"Second Framework Agreement"	the second framework agreement dated 23 January 2013 entered into among the Company, the Subscriber, the SPV, Coqueen, CPK and Mr. Chui Tak Keung, Duncan
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Shares
"Shareholders' Agreement"	a shareholders' agreement to be entered into between Coqueen and the Subscriber in relation to the SPV pursuant to the CB Subscription Agreement

"SPV"	Professional Guide Enterprise Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Coqueen before the Completion
"SPV Board"	board of directors of the SPV
"SPV Conversion Share(s)"	up to 10,000 new SPV Share(s) to be issued by the SPV upon the Conversion in accordance with the terms and conditions as set out in the Bond Instrument
"SPV Group"	SPV and its subsidiaries
"SPV Restructuring"	Coqueen to form, at any time before or after completion of the Subscription, a new subsidiary to own the 10,000 shares in the SPV provided that Coqueen shall hold not less than 85% of the entire issued share capital of the said new subsidiary as permitted under and pursuant to the Subscription Agreement
"SPV Shares"	ordinary share(s) of US$1.00 each in the share capital of the SPV
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Subscriber"	Rich Paragon Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
"Subscriber Further Acquisitions"	has the meaning given to it in this circular
"Subscriber SPV Loan"	the loan in the principal amount of approximately HK$116 million granted by the Subscriber to the SPV at the completion of the Subscription on 4 June 2013
"Subscription"	the subscription of the Convertible Bonds pursuant to the CB Subscription Agreement
"Subscription Price"	the subscription price of HK$200 million for the Subscription

"Subsidiary A"	a subsidiary of the SPV which is expected to become the sole shareholder of FLM HK and therefore the sole ultimate beneficial owner of the FLM HK Properties upon the completion of the FLM Restructuring
"Subsidiary B"	a subsidiary of the SPV which is expected to manage the FLM HK Operation upon the completion of the FLM Restructuring
"Subsidiary C"	a subsidiary of the SPV which is expected to become the sole shareholder of FLM Kowloon and therefore the sole ultimate beneficial owner of the FLM Kowloon Properties upon the completion of the FLM Restructuring
"Subsidiary D"	a subsidiary of the SPV which is expected to manage the FLM Kowloon Operation upon the completion of the FLM Restructuring
"Subsidiary E"	a subsidiary of the SPV which is expected to hold the FLM Trademarks upon the completion of the FLM Restructuring
"Supplemental Second Framework Agreement"	the supplemental framework agreement dated 30 January 2013 entered into among the Company, the Subscriber, the SPV, Coqueen, CPK and Mr. Chui Tak Keung, Duncan in relation to, among others, the adjustment with relevant parties of the CB Subscription Agreement
"Third Framework Agreement"	the framework agreement entered into by the Company, the Subscriber, the SPV, Coqueen, CPK and Mr. Chui Tak Keung, Duncan on 24 April 2013 (as revised and supplemented by the supplemental third framework agreement dated 6 August 2014) in relation to, among other things, the Subscriber Further Acquisitions
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

CHINESE FOOD AND BEVERAGE GROUP LIMITED
華人飲食集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8272)

Executive Directors:
Ms. Yu Sau Lai
Mr. Lam Raymond Shiu Cheung
Mr. Hu Dongguang
Mr. Mok Tsan San

Non-executive Director:
Mr. So David Tat Man

Independent non-executive Directors:
Mr. Matthew Pau
Mr. Yeung Wai Hung, Peter
Mr. Chu Yu Man, Philip (Mr. Leung Ho Lun Harold as his alternate)

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

Head Office and Principal Place of Business in Hong Kong:
4/F., Phase 1,
Kaiser Estate,
41 Man Yue Street,
Hunghom, Kowloon
Hong Kong

29 August 2014

To the Shareholders, and for information only, holders of the convertible securities of the Company

Dear Sir/Madam,

(1) VERY SUBSTANTIAL ACQUISITION PROPOSED EXERCISE OF CONVERSION RIGHTS ATTACHED TO CONVERTIBLE BONDS;
(2) ENTRY INTO A SHAREHOLDERS' AGREEMENT;
(3) POSSIBLE VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE GRANT OF THE CALL OPTION RELATING TO THE EQUITY INTEREST IN PROFESSIONAL GUIDE ENTERPRISE LIMITED;
(4) POSSIBLE VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE GRANT OF THE PUT OPTION RELATING TO THE EQUITY INTEREST IN PROFESSIONAL GUIDE ENTERPRISE LIMITED;
(5) RE-ELECTION OF RETIRING DIRECTOR; AND
(6) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 18 October 2013 in relation to, among other things, the proposed exercise of conversion rights attached to Convertible Bonds.

The Board is pleased to announce that on 30 September 2013 (after trading hours), the exercise of the conversion rights attached to the Convertible Bonds was resolved by the Board. Upon Completion, a total of 10,000 SPV Conversion Shares will be issued to the Subscriber, representing 50% of the issued share capital of the SPV as enlarged by the Conversion. Upon Completion, the SPV will become a subsidiary of the Company under Rule 1.01 of the GEM Listing Rules but will be accounted as a joint venture of the Company.

Pursuant to the CB Subscription Agreement, the Shareholders' Agreement shall be executed by Coqueen (or its subsidiary following the SPV Restructuring) and the Subscriber forthwith upon the completion in full.

The purpose of this circular is to provide further information in relation to, among other things, (i) the Conversion; (ii) the Shareholders' Agreement (including the grant and possible exercise of the call/put options thereunder); (iii) the re-election of retiring Director; and (iv) the notice of EGM to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Conversion, the Shareholders' Agreement and the re-election of retiring Director.

A notice convening the EGM setting out the details of the resolution to be proposed at the EGM is set out on pages EGM-1 to EGM-3 of this circular.

THE PROPOSED CONVERSION

References are made to the CB Circular and the Announcements in relation to, among other things, the very substantial acquisition involving the Subscription by the Subscriber pursuant to the CB Subscription Agreement. The Convertible Bonds were issued to the Subscriber on 4 June 2013.

Following the issue of the Convertible Bonds to the Subscriber on 4 June 2013, no Shareholders' approval has been obtained for exercising the conversion rights attaching to the Convertible Bonds. The Company now intends to seek Shareholders' approval for the Conversion.

Upon the Subscriber exercising the conversion rights attached to the Convertible Bonds in full, an aggregate of 10,000 SPV Conversion Shares, representing 50% of the issued share capital of the SPV as enlarged by the Conversion, will be allotted and issued to the Subscriber. The Subscriber will own 50% of the total issued shares of the SPV upon Completion. No consideration will be payable by the Company for the Conversion.

INFORMATION ON THE CONVERTIBLE BONDS

Parties:

(1) The SPV as the issuer of the Convertible Bonds;

(2) Coqueen as the Guarantor;

(3) CPK as the Guarantor;

(4) Mr. Chui Tak Keung, Duncan as the Guarantor;

(5) The Subscriber; and

(6) The Company

As at the Latest Practicable Date, Major Ally Investments Limited holds 43,000,000 Shares, representing approximately 8.14% of the total issued share capital of the Company, and is owned as to 50% by Fook Lam Moon Holdings Limited, which is in turn wholly-owned by CPK.

As at the Latest Practicable Date, FLM Kowloon Other Shareholder is 50% owned by Coqueen and 50 % owned by the Company. Apart from the above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the SPV, Coqueen, CPK, Mr. Chui Tak Keung, Duncan or FLM HK Other Shareholders is a connected person of the Company, and together with their respective ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company as at the Latest Practicable Date.

The SPV was incorporated to facilitate and carry into effect the investment in FLM HK Operation and FLM Kowloon Operation. The Subscription was completed on 4 June 2013. Following such completion, the SPV is beneficially interested in 89.26% of the entire issued share capital of FLM HK and 86% of the entire issued share capital of FLM Kowloon.

Each of the SPV, Coqueen, CPK and Mr. Chui Tak Keung, Duncan does not have any right under the terms of the Convertible Bonds to nominate any Directors to the Board. As of the Latest Practicable Date, the Board has no intention to propose, nominate or appoint any of the SPV, Coqueen, CPK, Mr. Chui Tak Keung, Duncan, FLM HK Other Shareholders or any of their respective ultimate shareholders as Directors.

Principal terms of the Conversion of the Convertible Bonds

Principal Amount of the Convertible Bonds:	HK$200,000,000
SPV Conversion Shares:	Up to 10,000 SPV Conversion Shares to be issued by the SPV pursuant to the conditions of the Bond Instrument which upon full conversion of the Convertible Bonds in its entirety at the full principal amount of HK$200,000,000 shall represent 50% of the entire issued share capital of the SPV as enlarged following conversion of the Convertible Bonds in its entirety.
Conversion Period:	The period commencing from the date of issue of the Convertible Bonds and ending on the date that falls on the fifth Business Day before the Maturity Date (both dates inclusive).

Conversion Rights:	Each holder of the Convertible Bonds shall have the right, exercisable during the Conversion Period to convert the whole or any part (in multiples of the denomination of HK$20,000) of the outstanding principal amount of the Convertible Bonds held by such holders of the Convertible Bonds into such number of SPV Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price.
Ranking of SPV Conversion Shares:	SPV Conversion Shares issued upon exercise of conversion rights shall rank *pari passu* in all respects with all other existing SPV Shares at the date of conversion and all SPV Conversion Shares shall include rights to participate in all dividends and other distributions.
Procedure for Conversion:	The Conversion Rights may be exercised on any Business Day during the conversion period by a bondholder delivering to the SPV a duly executed conversion notice, together with the Convertible Bonds certificate(s) for the Convertible Bonds being converted, provided that the conversion date (i.e. the date on which the SPV receives or is deemed to have received the completed and executed conversion notice, together with the bond certificate for the Convertible Bonds) must fall within the conversion period. A conversion notice shall take effect immediately upon the conversion date. As soon as practicable, and in any event not later than five (5) Business Days after the conversion date (or a later date if a longer period is required to comply with any applicable fiscal or other laws or regulations), the SPV will, in the case of the Convertible Bonds converted on exercise of the conversion rights and in respect of which a duly completed conversion notice has been delivered and the relevant bond certificate(s) deposited, register the bondholder as holder of the relevant number of SPV Conversion Shares in its share register.

The Company intends to issue the conversion notice to the SPV and to exercise the conversion rights attached to the Convertible Bonds in full as soon as practicable after obtaining the approval of the Shareholders at the EGM in respect of the Conversion.

For further details of the Convertible Bonds, please refer to the CB Circular and the Announcements in relation to the CB Subscription Agreement.

INFORMATION OF THE SPV, FLM HK, FLM KOWLOON, COQUEEN AND CTI

Information of the SPV

The SPV was incorporated on 21 May 2012 in the British Virgin Islands with limited liability and is regarded as a special purpose vehicle to facilitate and carry into effect the investment in the FLM HK Operation and the FLM Kowloon Operation. As at the Latest Practicable Date, the SPV is authorised to issue 50,000 ordinary shares of US$1.00 each, of which 10,000 SPV Shares have been issued and fully paid and Coqueen is the sole legal and beneficial owner of the SPV.

As at the Latest Practicable Date, the SPV is beneficially interested in 89.26% of the entire issued share capital of FLM HK and 86% of the entire issued share capital of FLM Kowloon.

As at the Latest Practicable Date, the SPV Group owns the following intellectual properties which are registered in Hong Kong, PRC and Macau:

No.	Intellectual property	Place of registration	Registration number	International class(es)	Intellectual property owner	Registration date	Next renewal date
1	"FOOK LAM MOON" trademark	Hong Kong	199407369	42	the SPV	22 Nov 1994	4 Sep 2023
2	"FOOK LAM MOON" Fu Lin Men trademark & device in Chinese characters (in series)	Hong Kong	199609382AA	29, 30, 42	the SPV	11 Oct 1996	4 Sep 2023
3	"FOOK LAM MOON" trademark in Chinese characters 福臨門	PRC	764190	42	the SPV	28 Aug 1995	27 Aug 2015
4	"FOOK LAM MOON" trademark	Macau	N/014981 (404)	29	the SPV	6 Jan 2005	6 Jan 2019
5	"FOOK LAM MOON" trademark	Macau	N/014979 (104)	30	the SPV	6 Jan 2005	6 Jan 2019
6	"FOOK LAM MOON" trademark	Macau	N/014980 (901)	42	the SPV	6 Jan 2005	6 Jan 2019
7	"福臨門" trademark	Macau	N/014978 (605)	29	the SPV	6 Jan 2005	6 Jan 2019

No.	Intellectual property	Place of registration	Registration number	International class(es)	Intellectual property owner	Registration date	Next renewal date
8	"福" device (Fook Lam Moon in Chinese characters)	Macau	N/014978	29	the SPV	6 Jan 2005	6 Jan 2019
9	"福臨門" trademark	Macau	N/014977 (000)	30	the SPV	6 Jan 2005	6 Jan 2019
10	"福" device (Fook Lam Moon in Chinese characters)	Macau	N/014977	30	the SPV	6 Jan 2005	6 Jan 2019
11	"福臨門" trademark	Macau	N/014976 (509)	42	the SPV	6 Jan 2005	6 Jan 2019
12	"福" device (Fook Lam Moon in Chinese characters)	Macau	N/014976	42	the SPV	6 Jan 2005	6 Jan 2019

The international class numbers shall have the following meanings:

International class	Good/Services
29	Meat, fish, poultry and game; preserved, dried and cooked fruits and vegetables; eggs, abalone, sharks' fins and sharks' fin soup; birds' nest soup.
30	made from cereals, bread, pastry and confectionery, ices; honey, treacle; prepared meals; yeast, baking-powder; salt, mustard; vinegar, sauces, salad dressings; spices; ice.
42	Restaurant and catering services specializing in Chinese cuisines.

For further details in relation to the valuation of the FLM Trademarks, please refer to Note 21 of the consolidated financial statements of the SPV Group as set out in Appendix II of this circular.

Information of FLM HK

FLM HK, incorporated on 25 November 1975 in Hong Kong with limited liability, is primarily engaged in the operation of high-end Chinese restaurant business, serving Cantonese cuisine and providing banquet catering services. FLM HK operates its restaurant business at 1/F. to 4/F. and Shop No. 2B, Ground Floor, Newman House, 35-45 Johnston Road, Wanchai, Hong Kong. As at the Latest Practicable Date, FLM HK is authorised to issue 60,000 ordinary shares of HK$10 each, of which 60,000 shares of FLM HK have been issued and fully paid and is beneficially owned as to 89.26% by the SPV and 10.74% by FLM HK Other Shareholders. As at the Latest Practicable Date, FLM HK is the sole legal and beneficial owner of the FLM HK Properties and is also the registered owner of FLM Trademarks.

Information of FLM Kowloon

FLM Kowloon, incorporated on 22 March 1977 in Hong Kong with limited liability, is primarily engaged in the operation of high-end Chinese restaurant business, serving Cantonese cuisine. FLM Kowloon operates its restaurant business at Shop 8, G/F. and 1/F., Luna Court, 53-59 Kimberley Road, Tsimshatsui, Kowloon. As at the Latest Practicable Date, FLM Kowloon is authorized to issue 1,700 ordinary shares of HK$1,000 each, of which 1,000 shares of FLM Kowloon have been issued and fully paid and are beneficially owned as to 86% by the SPV (10 shares of which are held on trust by CPK for the SPV) and 14% by FLM Kowloon Other Shareholder. As at the Latest Practicable Date, FLM Kowloon Properties are wholly-owned by CTI which is in turn beneficially owned as to 100% by FLM Kowloon.

Information of Coqueen

Coqueen Company Limited is an investment holding company incorporated in Hong Kong with limited liability. Based on the information available to the Company, Coqueen is 69% owned by CPK, 29% owned by Ms. Chui Chan Oi Lin, Eileen, 1% owned by Mr. Chui Tak Keung, Duncan and 1% owned by Ms. Chui Shuk Wah, Janet as at the Latest Practicable Date.

Information of CTI

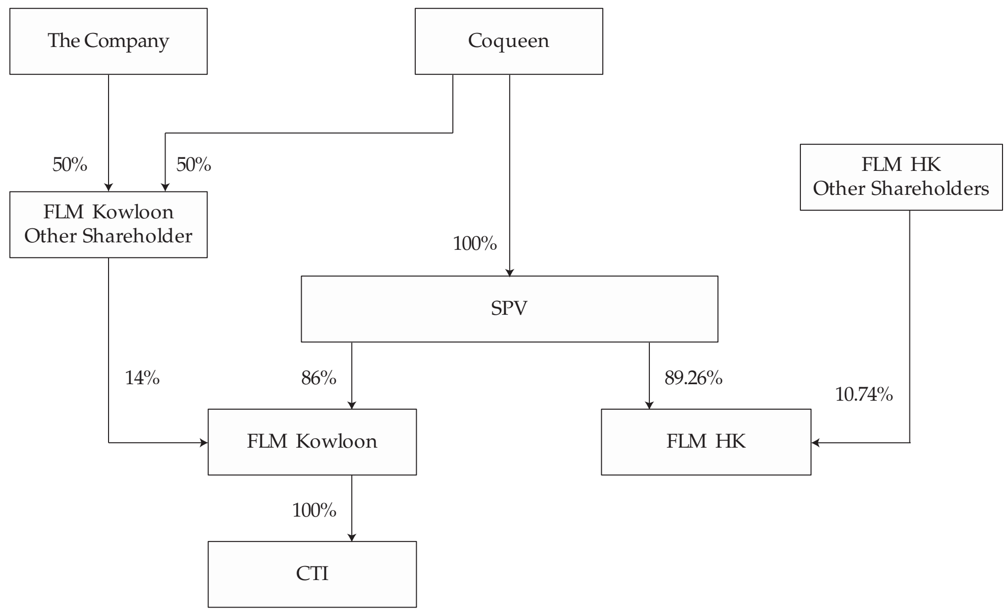
CTI, incorporated on 28 February 1991 in Hong Kong with limited liability, is principally engaged in property investment. As at the Latest Practicable Date, CTI is authorised to issue 10,000 ordinary shares, of which 9,999 shares of CTI have been issued and fully paid and are beneficially owned as to 100% by FLM Kowloon, of which 0.01% are held on trust by Coqueen for FLM Kowloon. As at the Latest Practicable Date, CTI is the sole beneficial owner of FLM Kowloon Properties.

Status of the FLM Restructuring

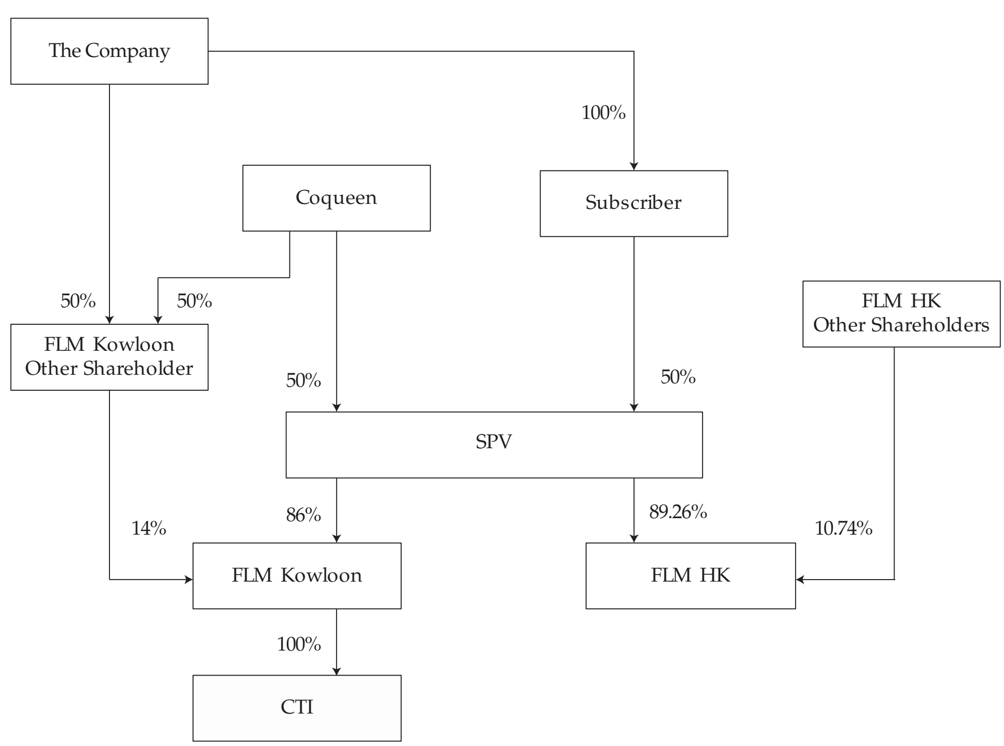
On 12 August 2014, an addendum to the CB Subscription Agreement was executed by parties to the CB Subscription Agreement to extend the completion date of the FLM Restructuring from 3 June 2014 to 31 December 2014 (or such later date as the parties shall agree) (the "**Addendum**"). As the FLM Restructuring is merely an internal reorganisation of the SPV Group, the extension of the completion date for the completion of the FLM Restructuring is not expected to have any impact on (i) the operation or financial condition of the SPV Group and the FLM Group; and (ii) the Company's interests in the SPV Group and the FLM Group. The Board is therefore of the view that the execution of the Addendum (including the extension of the completion date thereof) does not constitute any material variation of terms of the CB Subscription Agreement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE SPV GROUP

The shareholding structure of the SPV Group immediately before Completion



The shareholding structure of the SPV Group assuming upon Completion and the SPV Group shareholding structure remained intact at all times



THE SHAREHOLDERS' AGREEMENT

Pursuant to the CB Subscription Agreement, the Shareholders' Agreement shall be executed by Coqueen (or its subsidiary following the SPV Restructuring) and the Subscriber forthwith upon the Completion in full. Details of the Shareholders' Agreement are set out below.

Management Structure

Upon the execution of the Shareholders' Agreement, the SPV Board shall have five members, three of them to be appointed by the Subscriber while the other two to be appointed by Coqueen.

Coqueen and the Subscriber shall procure the SPV Board to make a delegation of its power and authority to a committee of the SPV Board comprising the two directors appointed by Coqueen (the "**Management Committee**"). The authority and responsibility to exercise control, direction, supervision and management of the SPV Group shall be divided between the SPV Board and the Management Committee as follows:

(1) Subject to compliance with reserved matters contemplated under the Shareholders' Agreement, the SPV Board shall have the authority, power and responsibility to:

(a) evaluate and determine the business policies, operational objectives, corporate strategies, general development plans from time to time for the purpose of attaining the mutual goals of Coqueen and the Subscriber;

(b) financial planning for and related arrangements of the Property Holding Subsidiaries;

(c) review and approve the budget and the business plan;

(d) review and approve the annual financial statements of the SPV Group;

(e) determine and approve (i) accounting principles and policies for adoption by the SPV Group in connection with the preparation of its financial statements, and (ii) remuneration of auditors; and

(f) make recommendation to Coqueen and the Subscriber as regards the resolution and disposal of any reserved matters contemplated under the Shareholders' Agreement from time to time arising for decision by Coqueen and the Subscriber.

(2) Subject to compliance with reserved matters contemplated under the Shareholders' Agreement, the Management Committee shall have the authority, power and responsibility to:

(a) prepare the draft budget and business plan for approval by the SPV Board and revise the budget and business plan for re-approval or further approval by the SPV Board as per the SPV Board's request;

(b) goodwill promotion and brand management in respect of the trademarks, trade names and other intellectual property rights owned by the SPV Group;

(c) implement and execute the business policies, operational objectives, corporate strategies, general development plans from time to time resolved by the SPV Board to be adopted by the SPV Group; and

(d) supervise, manage and exercise control over the day-to-day operation and conduct of the business and related activities of the SPV Group (other than financial planning for and related arrangements of the Property Holding Subsidiaries) in all respects and the administration of all general internal and external affairs of the SPV Group and each member of the SPV Group.

(3) The board of directors of each subsidiary of the SPV Group shall comprise of 4 directors. Each of Coqueen and the Subscriber shall be entitled to appoint 2 directors to the board of each of the subsidiaries of the SPV Group.

(4) The Management Committee shall have the direct authority, power and responsibility to supervise, manage and exercise control over the day to day operation, conduct of business and activities of each subsidiary of the SPV Group (other than the Property Holding Subsidiaries).

(5) The directors of the SPV Group appointed by Coqueen may only be removed by Coqueen and Coqueen may at the same time as such removal or at any time whilst such vacancy exists, appoint a new director. Directors of the SPV Group appointed by the Subscriber may only be removed by the Subscriber and the Subscriber may at the same time as such removal or at any time whilst such vacancy exists, appoint a new director. Any such removal or appointment of a director by Coqueen or the Subscriber may be effected by notice in writing and signed by or on behalf of Coqueen or Subscriber and served on the SPV at its registered office and Coqueen and the Subscriber at the address specified on the Shareholders' Agreement. Coqueen or the Subscriber removing a director shall indemnify the SPV and the relevant subsidiaries against any claim arising in connection with that director's removal from office.

The Subscriber shall procure the directors appointed by it to the SPV Group:

(1) to observe the division of authority between the SPV Board and the Management Committee on the terms contemplated under the Shareholders' Agreement;

(2) not to revoke, reduce or diminish the authority delegated by the SPV Board to the Management Committee;

(3) not to interfere with the operation of the Management Committee or any exercise of power or authority by the Management Committee;

(4) not to reverse or countermand decision of the Management Committee;

(5) not to exercise executive authority in relation to the affairs of the subsidiaries of the SPV (other than the Property Holding Subsidiaries); and

(6) not to do anything, take or initiate any action, arrangement or measure the effect or intended purpose of which will constitute an infringement of any of (1) to (5) above.

Upon the execution of the Shareholders' Agreement, the SPV Board will consist of five members, three of them to be appointed by the Subscriber, which will constitute a majority of the SPV Board and allow the Subscriber to exercise control over the overall management of the SPV and the business operations of the SPV Group. To facilitate effective division of responsibility for the efficient operation of the SPV and to ensure the continuity of the day-to-day operation of the SPV after the Conversion, the SPV Board will be responsible for making high-level executive decisions in relation to the operation and financial matters of the SPV and will have the authority, power and responsibility, amongst others, to review and approve the budgets, business plans and financial statements of the SPV, whilst the Management Committee, which will comprise two directors appointed by Coqueen, i.e. the existing management of FLM HK and FLM Kowloon, will continue to oversee the administration and day-to-day operation of the SPV. The ultimate decision-making power over key matters of the SPV will still be vested in the SPV Board and the Management Committee is bound under the Shareholders' Agreement to implement and execute the SPV Board's decisions on those matters that are within the power, authority and responsibility of the SPV Board.

If the Management Committee fails to implement such decisions, the Company may seek legal advice and take appropriate action(s), including bringing necessary legal actions, as and when necessary.

In light of the above, the Board is of the view that the delegation of authority to the Management Committee, although may limit the SPV Board's power, will not unduly fetter and restrict the powers of the SPV Board and hence will not undermine or otherwise affect the Company’s control, supervision and management of the SPV, FLM HK and FLM Kowloon. Instead, it would support the continuing operation of FLM HK and FLM Kowloon subsequent to the Conversion.

Break-up Event

Pursuant to the Shareholders’ Agreement, if at any time any of the directors appointed by the Subscriber to the SPV Group fails to observe in accordance with the Shareholders’ Agreement, Coqueen shall be entitled to the Event A or the Event B. Pursuant to the Shareholders’ Agreement, the Subscriber is not entitled to the Event A or Event B.

The break-up event (the “**Break-up Event**”) shall be deemed to have occurred and Coqueen shall be entitled to declare the occurrence of a Break-up Event if:

(1) a warning notice has been issued by Coqueen under the Event A but the Subscriber and/or the directors appointed by the Subscriber shall fail to comply; or

(2) a notice has been issued by Coqueen under the Event B to convene the meeting of the shareholders of the SPV but such meeting is dissolved owing to a lack of quorum by reason of non-attendance by the Subscriber or its representative; or

(3) a meeting of the Subscriber and Coqueen has been convened following a notice issued by Coqueen under the Event B but no mutually satisfactory solution has been agreed upon by the Subscriber and Coqueen as the outcome of such meeting.

Within the period of 4 years from the date of execution of the Shareholders’ Agreement, Coqueen shall not declare any occurrence of a Break-up Event. During this period:

(1) no action taken by the Subscriber;

(2) no resolution passed by the SPV Board;

(3) no action authorized by the SPV Board;

(4) no action taken by any of the directors appointed by the Subscriber,

which is contrary to or in breach of the Shareholders’ Agreement shall have effect on or be binding on the Management Committee or any of the directors appointed by Coqueen and the Management Committee shall continue to have and may exercise the authority to manage and supervise the day to day operation of the SPV Group despite any interference from the Subscriber, the SPV Board or any of the directors appointed by the Subscriber.

Following the declaration by Coqueen of the occurrence of a Break-up Event, Coqueen shall be entitled to elect:

(1) to exercise a put option requiring the Subscriber to buy from Coqueen the 50% shares in the SPV at 50% of the Fair Value of the SPV, by giving notice in writing to the Subscriber with a copy to the SPV; or

(2) to exercise a call option requiring the Subscriber to sell to Coqueen the 50% shares in the SPV at 50% of the Fair Value of the SPV, by giving notice in writing to the Subscriber with a copy to the SPV; or

(3) with consent by the Subscriber, to put the SPV into liquidation.

If Coqueen elects to exercise the put option or call option pursuant to the Shareholders' Agreement, the following provisions shall take effect to determine the fair value of the SPV (the "**Fair Value**"):

(1) the SPV shall promptly after its receipt of the exercise notice issued by Coqueen select and instruct a firm of independent public accountants, which shall be one of the big four accounting firms based in Hong Kong to certify in writing the sum which, in their opinion, is the fair value of the SPV (on the basis of a sale between a willing seller and a willing buyer but no account being taken of any control premium nor the fact that the purchaser of the SPV Shares will as a result of the option exercised by Coqueen have 100% controlling interest in the SPV);

(2) the independent public accountants may engage an independent professional valuer to provide valuation on the SPV and/or its assets;

(3) the fair value of the SPV can (if determined by the independent public accountants to be a fair valuation basis) be a valuation based on net assets or the most recent audited profits times an earning multiple or a mixture of both, depending on nature of the underlying assets/operations at the relevant juncture;

(4) an earning multiple to be applied in the valuation of the fair value of the SPV or any relevant member of the SPV Group shall be based on the average of earning multiples of entities listed on the Stock Exchange whose primary business is similar to the business of the relevant subsidiaries of the SPV;

(5) such firm of independent accountants shall act as experts and not as arbitrators and their certification shall, in the absence of fraud or manifest error, be final, conclusive and binding on Coqueen and the Subscriber;

(6) the cost of obtaining such certificate shall be borne by the SPV;

(7) the SPV shall forward a copy of such certificate to Coqueen and the Subscriber promptly after receiving the same from the independent accountants;

(8) within 10 Business Days after receiving a copy of such certificate from the SPV, Coqueen may elect to revoke the exercise notice given by Coqueen pursuant to the put option and call option contemplated under the Shareholders' Agreement to sell or (as the case may be) purchase the Subscriber's SPV Shares at the certified fair value; and

(9) if no election is made by Coqueen under (8) above, Coqueen shall be deemed to have waived its right of revocation and shall be bound to proceed with the purchase or sale (as the case may be) of the SPV Shares at the certified fair value.

Upon the full exercise of the put option by Coqueen, the SPV is expected to become a wholly-owned subsidiary of the Company. On the other hand, upon the full exercise of the call option by Coqueen, the SPV is expected to cease to have any equity interest in the SPV and to cease to remain as a subsidiary of the Company under Rule 1.01 of the GEM Listing Rules.

If Coqueen makes an election to revoke the exercise notice previously given by Coqueen pursuant to the put option and call option contemplated under the Shareholders' Agreement, no sale and purchase of the SPV Shares will occur following the declaration by Coqueen of the Break-up Event concerned. Such revocation shall not prejudice Coqueen's right to invoke certain clauses under the Shareholders' Agreement in relation to any future or subsequent non-observance by interfering with the operation of the Management Committee by any of the directors appointed by the Subscriber to the SPV Group.

Upon Completion, the Subscriber will be entitled to appoint three out of five of the directors of the SPV under the Shareholders' Agreement whilst, at the same time, be the holder of only 50% of the issued shares of the SPV. Given the Subscriber's ability to control the appointment of a majority of the members of the SPV Board, Coqueen, being the other 50% shareholder of the SPV, requested measures for the protection of its interests in the SPV under such structure in the event where the directors of the SPV appointed by the Subscriber fail to observe certain provisions in accordance with the Shareholders' Agreement. Through arm's length negotiations, the parties agreed that Coqueen would be granted the call/put options as protection measures.

Given that (i) the call/put options can only be exercised upon a failure by the directors of the SPV appointed by the Subscriber, an indirect wholly-owned subsidiary of the Company, to observe certain provisions in accordance with the Shareholders' Agreement (i.e. a Break-up Event); (ii) pursuant to the Shareholders' Agreement, the sale or purchase price payable upon the call/put options (as the case may be) will be fixed based on the then Fair Value of the SPV; and (iii) Coqueen cannot declare any occurrence of a Break-up Event within the period of 4 years from the date of execution of the Shareholders' Agreement, the Directors consider the terms of the call/put options are fair and reasonable and in the interest of the Company and the Shareholders as a whole in the circumstances.

Reserved Matters

Pursuant to the Shareholders' Agreement, each of the parties to the Shareholders' Agreement shall exercise all voting rights and other powers of control available to each of them, and shall procure that the directors of the SPV so nominated by it in the SPV Board shall exercise any voting rights or other power of control to ensure that no company of the SPV Group shall, without the approval from the parties to the Shareholders' Agreement, proceed with or execute any of the following reserved matters:

(1) Any commercial activities, matters, interest and/or concern of the SPV Group which fall outside the matters allocated between the SPV Board and the Management Committee under the Shareholders' Agreement as their respective authority and responsibility;

(2) Approval of the draft budget for each financial year of the SPV presented by the Management Committee and any material deviation there form;

(3) Incurring any single item of capital expenditure exceeding HK$1,000,000 unless such expenditure is included in the budget;

(4) Acquiring or disposing of assets of any member of the SPV Group in any financial year of the SPV other than approved in the budget, in aggregate for all members of the SPV Group, with a book value or market value of more than HK$1,000,000;

(5) Incurring debts or assuming any financial obligation other than approved in the budget to the extent the cumulative amount thereof for all members of the SPV Group for the current financial year of the SPV Group exceeds the amount in the budget by HK$1,000,000;

(6) Providing loans to any person (excluding normal trade credit);

(7) Giving a guarantee, indemnity or other assurance for a debt of another person or about the financial condition of that person other than approved in the budget;

(8) Creating any charge, encumbrance or security interest by contract other than approved in the budge over an asset of any member of the SPV Group over an amount of HK$1,000,000;

(9) Entering into an arrangement or incurring a liability outside the ordinary course of conducting the business of the SPV Group with an aggregate value in any one financial year of the SPV Group for the whole SPV Group over an amount approved in the budget or HK$1,000,000, whichever is higher;

(10) Entering into an arrangement or incurring a liability which is not on an arm's length basis;

(11) Appointing or removing the chief executive officer, the chief financial officer and the chief operating officer (or the functional equivalent of such positions) (the "**Senior Officers**");

(12) Approving the remuneration packages of the Senior Officers and subsequent variations to the remuneration packages in excess of budgeted amounts;

(13) Recommending or declaring an interim or a final dividend lower than the amount specified in the Shareholders' Agreement;

(14) Commencing, defending or compromising litigation or a similar procedure involving a claim of more than HK$1,000,000;

(15) Adopting a draft business plan presented by the Management Committee and any material deviation from the adopted business plan;

(16) Materially changing the SPV Group's business;

(17) Entering into major contracts with an aggregate value for the whole SPV Group exceeding HK$1,000,000 in any one financial year of the SPV Group and which are beyond the scope of the business plan and the fulfilment of which will require resources not provided for in the budget;

(18) Issuing shares, debentures, convertible notes, options or other equity or debt securities of any member of the SPV Group;

(19) Adopting, implementing or varying any stock option plans for the directors, employees or consultants;

(20) Changing the rights of the SPV Shares; or changing the share capital of any member of the SPV Group in any way;

(21) Receiving or repaying any shareholders' loans;

(22) Amending the constitutional documents of any member of the SPV Group;

(23) Other than in the case of insolvent winding-up, appointing a liquidator to any member of the SPV Group or proposing a winding-up of any member of the SPV Group;

(24) Licensing, selling or otherwise disposing of any intellectual property rights owned by any member of the SPV Group which gives rise to a value exceeding HK$1,000,000 other than pursuant to a licence, sale or disposition of a type included in the business plan;

(25) Forming or acquiring any subsidiary or establishing any new operations in any jurisdiction; and

(26) Changing the auditors or the terms of their appointment or changing the financial year of the SPV Group.

(collectively, the "**Reserved Matters**")

The Reserved Matters shall not include (i) the FLM Restructuring, or any limb or element thereof, or transactions or series of transactions (related or not) implemented for or in connection with execution of the FLM Restructuring; nor (ii) acts, matters or things required to be, or expressly contemplated as being, done by the Shareholders' Agreement.

Board meetings and shareholders' meetings

The quorum for all board meetings of the SPV shall consist of no less than 2 directors of the SPV, with at least 1 director of the SPV appointed by each party to the Shareholders' Agreement present at such meetings.

The presence of shareholders of the SPV, by proxy or by a duly authorised representative, together holding not less than 51% of the total number of issued shares of the SPV shall be the quorum for all general meetings of the SPV.

Financial Year End and Dividend Policy

Unless otherwise agreed by Coqueen and the Subscriber, the financial year of the SPV shall end on 31 December every year. Subject to compliance with the terms of any credit or loan facilities for the time being obtained by the SPV Group, Coqueen and the Subscriber shall procure the SPV to declare, make and pay to Coqueen and the Subscriber in proportion to their respective shareholding in the SPV a cash dividend in respect of each financial year (whether by way of interim or final dividend) in amount not less than 80% of the annual after tax profit of the SPV.

Restriction on Transfer of shares in the SPV

Except as permitted by the Shareholders' Agreement, or with the prior written consent of the other party, none of the parties (or any of its affiliates) shall:

(1) transfer any shares of the SPV;

(2) grant, declare, create or dispose of any right or interest in any shares of the SPV;

(3) create or permit to subsist any encumbrance whatsoever on or over or in respect of any of the shares of the SPV; or

(4) purport to deal with the beneficial or economic interest in any of the shares of the SPV.

A party wishing to sell ("**Seller**") its shares of the SPV ("**Sale Interest**") must first give written notice ("**Transfer Notice**") to the other party ("**Offeree**") to offer to sell the Sale Interest to the Offeree together with details of any proposed third party purchaser ("**Third Party Purchaser**"), purchase price per share and other material terms. The offer to sell shall remain open for acceptance by the Offeree for a period of not less than 30 days ("**Offer Period**") following the date of the Transfer Notice. The Offeree shall within the Offer Period respond to the Transfer Notice by notifying the Seller in writing whether the Offeree wishes to buy all (but not part only) of the Sale Interest on the terms of the Shareholders' Agreement. The Offeree shall be deemed to have rejected the offer contained in the Transfer Notice if the Offeree shall fail to respond to the Transfer Notice within the Offer Period.

If the Offeree decides to buy the Sale Interest, then the parties shall, and shall cause the SPV to, take all requisite actions to effect the transfer of the Sale Interest to the Offeree in accordance with relevant laws and the constitutional documents. Completion of the sale and purchase of the Sale Interest shall take place within 15 days ("**Closing Period**") after expiry of the Offer Period.

Subject to the terms of the Shareholders' Agreement, if the Offeree decides not to buy the Sale Interest, or fails to respond to the Transfer Notice within the Offer Period, or (where applicable) completion of the transfer of Sale Interest to the Offeree fails to take place within the Closing Period owing to a default by the Offeree, then the Seller is entitled to sell all (but not part only) of the Sale Interest to the Third Party Purchaser, but on terms not more favorable than those offered to the Offeree under the Transfer Notice, and the Offeree shall, and shall cause its appointees to the Board, upon the Seller's request and without further consideration to execute and deliver such documents and instruments as may be required to effect the transfer of the Sale Interest to the Third Party Purchaser. The Seller must offer to sell the Sale Interest to the Offeree again if the terms for sale to the Third Party Purchaser are more favorable than those set forth in the Transfer Notice or if the sale to the Third Party Purchaser is not completed within 60 days after expiry of the Offer Period or, if longer, within 30 days after expiry of the Closing Period (unless such delay was caused by the Offeree), and in such case the procedures as set forth above shall be applicable again.

Unless otherwise agreed in writing by the Offeree, if the Offeree decides not to buy the Sale Interest, or fails to respond to the Transfer Notice within the Offer Period, the Seller may not sell any of the Sale Interest to the Third Party Purchaser unless and until it shall procure the Third Party Purchaser to make an offer ("**Tag-along Offer**") to the Offeree to purchase from it for cash all its shares of the SPV at the same price per share and other terms as that offered to the Offeree by the Seller under the Transfer Notice. The Tag-along Offer shall be made in writing together with a statement setting out the terms of the Tag-along Offer and all documents ("**Tag-along Offer Documents**") required to be executed by the acceptor thereof, and shall remain open for acceptance for a period of not less than 30 days following the Third Party Purchaser's delivery of the Tag-along Offer Documents ("**Tag-along Offer Period**"). Within the Tag-along Offer Period, the Offeree may accept the Tag-along Offer in respect of all (but not part only) of the shares of the SPV ("**Accepted Shares**") then held by it by returning to the SPV (as receiving agent for the Third Party Purchaser) the duly executed Tag-along Offer Documents together with the share certificate(s) in respect thereof, and the SPV shall notify the Third Party Purchaser of such acceptance as soon as practicable. Completion of the sale and purchase of the Accepted Shares shall take place within 15 days after the expiry of the Tag-along Offer Period, whereby the parties shall, and shall cause their appointees to the board of directors of the SPV, without further consideration to execute and deliver such documents and instruments as may be required to effect the transfer of the Accepted Shares to the Third Party Purchaser.

Notwithstanding the foregoing, any sale or transfer of shares of the SPV shall be subject to compliance of the Shareholders' Agreement and the condition that the permitted transferee or the Third Party Purchaser shall become bound by the Shareholders' Agreement by the Third Party Purchaser or the permitted transferee executing the deed of adherence as if the Third Party Purchaser were the Seller under the Shareholders' Agreement, and the parties shall procure that no transferee or Third Party Purchaser shall be registered as holder of any shares of the SPV unless such sale or transfer of shares of the SPV has complied with the provisions of the Shareholders' Agreement and the relevant parties as mentioned above have duly entered into the deed of adherence. All deeds of adherence executed pursuant to the Shareholders' Agreement shall be executed by the SPV for itself and as agent for and on behalf of all those persons who are parties from time to time.

Notwithstanding the foregoing, nothing in the Shareholders' Agreement shall relieve the transferor of any obligation under the Shareholders' Agreement in so far as such obligation has not been assumed by the transferee or the Offeree and unless the Offeree has agreed to release the transferor from such obligation.

The sale of shares of the SPV to the Offeree or the Third Party Purchaser shall be on the following terms:

(1) the shares of the SPV will be sold free from all liens, charges and encumbrances and third party rights and together with all rights of any nature attaching to them including all rights to any dividends or other distributions declared, paid or made after the date of the completion of transfer;

(2) the Offeree or (as the case may be) the Third Party Purchaser shall assume, with effect from the completion date, any obligations of the transferor and any of its affiliates under (and shall procure the release of) any guarantees, indemnities, letters of comfort and/or counter-indemnities to third parties in relation to the business of the SPV; where the transferee is/are the Offeree, any such assumption shall be without prejudice to the Offeree's right to receive a contribution from the transferor for its share of any claims attributable to any liabilities arising in respect of the period before the completion date; and

(3) if the transferee is the Third Party Purchaser, it shall take an assignment of, or make available equivalent finance in place of, any loans, loan capital, borrowings and indebtedness in the nature of borrowing (but excluding, for the avoidance of doubt, any debts incurred in the ordinary course of trade which are at the relevant time outstanding on inter-company accounts) owing at that time from the SPV to the transferor or any of its affiliates.

Any sale or transfer of shares of the SPV or interest in shares of the SPV by any of the parties ("**Transferor**") to its wholly-owned subsidiary shall not be subject to the Shareholders' Agreement provided always that (i) prior written notice is given to the other party; (ii) the business of the SPV and the performance of its contracts shall not be interrupted, and (iii) if required by the other party, the Transferor shall guarantee its wholly-owned subsidiary's performance of its obligations. The other party shall assist the Transferor in effecting such sale or transfer.

Each party undertakes to ensure that its affiliate which holds any shares of the SPV ("**Former Affiliate**") shall transfer all of the shares of the SPV which the Former Affiliate then holds to that party or to another affiliate if the Former Affiliate ceases to be an affiliate.

THE SUBSCRIBER FURTHER ACQUISITIONS AND FURTHER NEGOTIATIONS

References are made to the announcements of the Company dated 30 January 2013 and 24 April 2013, and the CB Circular in relation to, among other things, the Subscriber Further Acquisitions.

Pursuant to the Third Framework Agreement, upon, *inter alia*, completion of the Subscription and entering into the Further Formal Agreement, the Subscriber shall, among other things, carry out and complete transaction(s) that shall involve and shall result in, the Subscriber's acquiring from Coqueen: (i) the entire interest of Coqueen in and over the FLM HK Properties, (ii) the entire interest of Coqueen in and over the FLM Kowloon Property, (iii) the entire interest of Coqueen in and over the FLM HK Operation, (iv) the entire interest of Coqueen in and over the FLM Kowloon Operation, and (v) the entire interest of Coqueen in and over the FLM Trademarks (collectively, the "**Subscriber Further Acquisitions**").

Further, pursuant to the Third Framework Agreement, the SPV and the Guarantors also agreed to facilitate the Subscriber's negotiations with (i) the minority shareholders of FLM HK, namely, Chui Yau Foon, Tsui Yau Hing, Tsui Yau Hoi and Tsui Yau Mui for and in relation to the Subscriber's acquisition of their respective interest in FLM HK, and (ii) the minority shareholder of FLM Kowloon, namely, Fullbond Properties Limited, for and in relation to the Subscriber's acquisition of its interest in FLM Kowloon as well as the Subscriber's acquisition of such minority interests (collectively, the "**Further Negotiations**").

The Group has been expanding its catering business with an ongoing vision to participate in local high-end catering market through its operation of premium Chinese restaurant under the management and license of the "Guo Fu Lou" (國福樓) brand (Guo Fu Lou) and its strategic investment in the FLM Group. The Company considers the Subscriber Further Acquisitions and the Further Negotiations enable the Company to further capture the returns from the FLM Group, the synergy effect with the existing business of the Group and the Company's strategic control over the FLM Group.

Status of Subscriber Further Acquisitions

Forthwith upon execution of the Third Framework Agreement, the Subscriber had paid HK$20,000,000 to Coqueen by way of internal resources of the Group as refundable deposit. The total consideration is to be agreed by the parties and the remaining balance shall be fully settled and discharged by the Subscriber in cash, promissory notes, issue of new Shares in the Company, issue of bonds convertible into new Shares in the Company or a combination of any of the foregoings and in such manner and on such terms as set out in the Further Formal Agreement to be entered into.

The parties to the Third Framework Agreement is expected to enter into the Further Formal Agreement in relation to the Subscriber Further Acquisitions on or before 31 December 2014 (or such later date as the parties to the Third Framework Agreement agree in writing). As at the Latest Practicable Date, the parties are still negotiating on the terms of the Subscriber Further Acquisitions and the Further Formal Agreement has yet to be entered into. As the consummation of the Subscriber Further Acquisitions depends on the relevant parties having entered into the Further Formal Agreement, the Subscriber Further Acquisition may or may not proceed.

Status of Further Negotiations

On 23 May 2014, Great Way Investing Company Limited, a company which is owned as to 50% by the Company and 50% by Coqueen, acquired from Fullbond Properties Limited all the 140 shares in FLM Kowloon held by it. Great Way Investing Company Limited was newly incorporated on 17 January 2014 and is owned as to 50% by the Company and 50% by Coqueen, and is a joint venture and not a subsidiary of the Company. The acquisition of the 14% equity interest in FLM Kowloon from Fullbond Properties Limited by Great Way Investing Company was wholly funded by Coqueen (the "**FLM Kowloon Acquisition**").

As (i) the Company does not possess more than half of the voting rights of Great Way Investing Company Limited; (ii) the Company does not control the composition of the board of directors of Great Way Investing Company Limited; (iii) the Company cannot appoint or remove all or a majority of the directors and does not have the control over a majority of the voting rights in Great Way Investing Company Limited; and (iv) the financial results of Great Way Investing Company Limited will not be consolidated into the financial statement of the Group, Great Way Investing Company Limited is a joint venture and not a subsidiary of the Company under Rule 1.01 of the GEM Listing Rules.

Since (i) Great Way Investing Company is not a subsidiary of the Company; and (ii) the FLM Kowloon Acquisition did not fall under the definition of "transaction" of the Group under the GEM Listing Rules. Accordingly, the FLM Kowloon Acquisition did not constitute a notifiable transaction of the Company.

As at the Latest Practicable Date, negotiations with the minority shareholders of FLM HK is still underway and no definitive agreement on the matter has been entered into.

The Company will comply with the requirements of the GEM Listing Rules in relation to the Subscriber Further Acquisitions and the Further Negotiations as and when needed.

THE SUBSCRIBER SPV LOAN

References are made to the announcement of the Company dated 4 June 2013 and the CB Circular in relation to, among other things, the provision of the Subscriber SPV Loan.

On 4 June 2013, completion of the Subscription took place and the Subscriber granted to the SPV the Subscriber SPV Loan in the amount of approximately HK$116 million. The SPV has made several repayments to the Company since 4 June 2013. The Subscriber SPV Loan was unsecured, carried interest at the prime lending rate as quoted by the Hong Kong Shanghai Banking Corporation from time to time payable at the end of each year and the amount shall be repayable within 36 months after drawdown. As at 30 June 2014, the Subscriber SPV Loan due from the SPV was approximately HK$69,398,000.

As at 31 March 2014, the SPV Group has net current liabilities of approximately HK$37,973,000 and the amount due to the holding company is approximately HK$19,903,000. As disclosed in II-11, the SPV Group has obtained the undertaking from its holding company not to demand for repayment of debts due from the SPV Group until such time when repayment will not affect the ability of the SPV Group to repay other creditors in the normal course of business. The working capital position of the SPV Group, after taking into account of the above mentioned factors, will be improved from net current liabilities of approximately HK$37,973,000 to net current liabilities of approximately HK$18,070,000. In addition, it is expected that both the Company and Coqueen will provide financial support to the SPV Group for its general working capital purposes as and when required.

Taking into account of the abovementioned factors, the Board is of the view that (i) the said liabilities of HK37,973,000 will not have a material negative impact on the working capital of the SPV Group; and (ii) the SPV Group will have sufficient working capital for at least 12 months from the Latest Practicable Date.

As at the Latest Practicable Date, the Company does not have any plan to provide any further loan or financial assistance to the SPV, FLM HK or FLM Kowloon other than loans which may be provided to the SPV, FLM HK or FLM Kowloon for their general working capital purposes and in compliance with the provisions of the GEM Listing Rules. In any event, it is expected that the total amount of such loans, together with the Subscriber SPV Loan, will not exceed HK$135 million, being the amount that was approved by the Shareholders at the extraordinary general meeting held on 7 May 2013.

Subsequent to the Conversion, the Company has no contractual commitment to inject additional funds into the SPV.

REASONS FOR AND BENEFITS OF THE PROPOSED CONVERSION

The Group is principally engaged in local catering business and has been expanding its business into the food manufacturing business. In October 2012, the Group commenced operating Guo Fu Lou. The Group has also established its food manufacturing factory since May 2013 and launched its food manufacturing business in August 2013. It is the Group's corporate strategy to explore other businesses with good business potential and growth prospects including but not limited to the securities investments in both the listed and non-listed companies.

The Group has been continuously and proactively identifying potential investment opportunities for building a stronger business foundation and broadening its source of income. In order to further explore into the local catering industry, the Company, through its wholly owned subsidiary, entered into the CB Subscription Agreement on 18 December 2012 to subscribe for the Convertible Bonds in the principal amount of HK$200 million.

The Directors consider that the Subscription and the subsequent Conversion provide an excellent opportunity for the Company and are expected to create synergy effects with the existing Chinese restaurant of the Company, Guo Fu Lou, as both Guo Fu Lou and the FLM Group have similar business models:

- **Marketing strategies and target customer group:** Guo Fu Lou targets the Chinese premium food market and has benefited from customer referrals as a result of its established reputation. Similarly, FLM HK and FLM Kowloon are well-known for operating high-end Chinese restaurants in Hong Kong and serving high-quality Cantonese cuisine. Through FLM Group's word-of-mouth marketing strategy, FLM Group has also developed a strong brand identity and loyal customer base, which became the pillar of its sustainable businesses.

- **Supply chain operation:** Both Guo Fu Lou and the FLM Group source their raw materials via reliable channels and suppliers. FLM Group has established long term relationships with its suppliers and has enjoyed lower sourcing costs. Both Guo Fu Lou and the FLM Group place great emphasis to ensure the high quality of raw materials in order to provide high-end Chinese cuisine and dining experience to customers.

- **Cost structure:** According to the financial information of the Group, Guo Fu Lou recorded a gross profit of approximately HK$21.5 million during the eight months ended 31 December 2013, and has achieved a gross profit margin of 68.2%. According to the financial information of the FLM Group for the nine months ended 31 December 2013, the FLM Group recorded a gross profit of approximately HK$73.7 million and has achieved a gross profit margin of 64.4%. Further, for the nine months ended 31 December 2013, the SPV Group recorded a profit before tax of approximately HK$8.6 million and a turnover of approximately HK$90.2 million.

Accordingly, the Board is of the view that the Conversion would (i) create synergy between Guo Fu Lou and the FLM Group through combined marketing strategies; (ii) streamline the supply chain operations for both Guo Fu Lou and the FLM Group with cost-effective sourcing methods; (iii) alignment between the strong brand and earnings potential of the FLM Group and the Group's business strategy; and (iv) possible enhancement of the corporate image of the Group due to the prominent brand equity of FLM HK and FLM Kowloon.

In arriving at their view, the Directors have also considered, among other things, the following factors:

(i) The Company's corporate strategy in exploring the feasibility of further expansion in catering business

It is the Group's corporate strategy to expand its businesses with good business potential and growth prospects. The Group has been expanding in the local catering business and the Conversion would allow the Company to directly participate in the investment in the FLM Group, which has a consistent past performance and stable development despite the recent management and structural changes. The Company considers that the Conversion is in line with its corporate and investment strategy to build a stronger business foundation, broadening its source of income and improving its overall financial results.

(ii) Development potential of the local high-end catering industry

The Group currently operates Guo Fu Lou, a renowned Michelin One Star restaurant that targets the top tier premium market. The improving turnover of Guo Fu Lou in recent years demonstrates that it is opportunistic for further development in the local high-end catering industry. The Conversion thereby allows the Company to grasp such opportunities by involving directly in the brand building and business development of the FLM Group, which has been well established in the high-end catering market and therefore will benefit from its existing marketing channels and reputation.

(iii) Synergy with the existing business of the Group

As FLM HK, FLM Kowloon and Guo Fu Lou all target the top tier and premium markets, the Group may combine the marketing strategies thereof and devise cost-effective marketing campaigns collectively. In addition, upon Completion, the Group is expected to benefit from lower production costs by sourcing materials collectively for the FLM Group and Guo Fu Lou in order to improve its margin via bulk purchases, which therefore enhances the SPV Group's profitability.

(iv) Favourable dividend policy as set out in the Shareholders' Agreement

Pursuant to the Shareholders' Agreement, the SPV is required to declare, make and pay to each of Coqueen and the Subscriber in proportion to their respective shareholding in the SPV a cash dividend in respect of each financial year in an amount not less than 80% of the annual after tax profit of the SPV. The Company considers that such cash dividend is an effective means to realize the profitability of the FLM Group, which would contribute directly to the working capital of the Group and provide additional funds for the future development of the Group.

(v) Consistent past performance of the FLM Group and its resilience to volatility and structural changes

Despite the recent management and structural changes of the FLM Group, the performance of the FLM Group has been relatively stable. The Company considers that the FLM Group will be in a better position to contribute to the Group after Conversion and upon the entering into of the Shareholders' Agreement.

(vi) No impact on current cash flow and liquidity status of the Group

As the Convertible Bonds bear no interest and is not redeemable until the Maturity Date, which is around two years from the date of this letter unless any event of default occurs, the Convertible Bonds in its status quo would not improve the liquidity status of the Group in the short run, while the Conversion will not result in any immediate cash outlay of the Group.

In light of the above, the Directors are of the view that the Conversion and the terms of the Shareholders' Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUTURE BUSINESS DEVELOPMENT

The SPV is a special purpose vehicle incorporated to facilitate and carry into effect the investment in the FLM HK Operation and the FLM Kowloon Operation. Combining FLM HK and FLM Kowloon, the FLM Group is well-known for its operation of high-end Chinese restaurants in Hong Kong, provision of banquet catering services and serving of high quality Cantonese cuisine. The FLM Trademarks are reputable brand names in the industry that attributed to Fook Lam Moon as a strong brand identity and earned a strong and loyal customer base. Going forward, the FLM Group will continue to strengthen its presence in the local and regional catering industry. With the focus of operating high-end Chinese restaurants, the FLM Group is looking to explore and expand into the markets of Macau, PRC and Singapore alongside the growing high end market in the above regions. The FLM Group believes that with their long standing industry experience in the local market, they can further utilize their competitive edge and mark a success in the potential new markets.

One of the current key business of the Group is the catering business and the Group is currently operating a premium Chinese restaurant under the management and license of "Guo Fu Lou" brand, a renowned Michelin One Star restaurant tailored to provide premium Chinese banqueting services for corporate and family gatherings as part of its development in the industry. The Group has also been expanding its catering business with an ongoing vision to develop further in the local market and is expected to continue to explore and research into any other business opportunities in relation to catering businesses.

The success of FLM Group's festival food products in recent years has assured the management of the FLM Group and the Company of the synergy effect between the branded food and its high-end catering services. The Company intends to build upon this opportunity and further develop branded food and/or gift business strategically in the future while strengthening its core operations.

As at the Latest Practicable Date, save for the abovementioned, the Company does not have any intention to develop any other new business.

FINANCIAL EFFECTS OF THE PROPOSED CONVERSION

Following the Completion, the SPV will become a subsidiary of the Company under Rule 1.01 of the GEM Listing Rules. However, its financial results will be accounted as a joint venture of the Company using the equity method.

Investment in Joint Venture

Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When deciding whether the SPV should be accounted as a subsidiary or a joint venture, the Board has also taken into account the following factors:

(i) subsequent to the Conversion, the Subscriber will be interested in 50% of the SPV;

(ii) pursuant to the Shareholders' Agreement, the Subscriber is entitled to appoint three out of five directors of the SPV Board. Although the ultimate decision-making responsibilities over key matters of the SPV rests with the SPV Board, the day to day operation and conduct of business of the SPV Group rests with the Management Committee; and

(iii) pursuant to the Shareholders' Agreement, the board of directors of each subsidiary of the SPV Group comprises of 4 directors. Each of the Subscriber and Coqueen shall be entitled to appoint 2 directors to the board of each of the subsidiaries of the SPV Group.

Taking into account of the abovementioned factors and with reference to the Hong Kong Financial Reporting Standard 11 Joint Arrangements, the Board is of the view that the SPV should be accounted as a joint venture rather than as a subsidiary of the Company.

Impairment of Assets

HKAS 36 "Impairment of Assets" will be applied for the purpose of assessing impairment of goodwill recognised as a result of the Conversion. The Company's auditor will audit and opine on the consolidated financial statements of the Company in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The interest in a joint venture (including any goodwill recognised within) recorded upon Completion and attributable to the Enlarged Group will be tested for impairment annually or more frequently if (i) events or changes in circumstances indicate that the carrying value may be impaired, and (ii) any deterioration in the future performance of the Enlarged Group that may lead to an impairment of such goodwill, which may have a negative impact on the financial performance of the Enlarged Group.

Subject to impairment test results and audit, an impairment loss may be recorded for the year ending 31 December 2014 in light of the uncertainties surrounding the current economic environment. The Company will comply with the relevant GEM Listing Rules as and when appropriate.

The Directors confirm that there is no variation to the remuneration or benefits in kind payable to the directors of the SPV as a result of the Conversion.

Assets and liabilities

According to the unaudited consolidated statement of financial position of the Group as at 30 June 2014, the Group's net liabilities amounted to approximately HK$33.8 million as at 30 June 2014. As detailed in the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this Circular, assuming that the Conversion was completed on 30 June 2014, both the total assets and net liabilities as at 30 June 2014 would remain unchanged as no impairment loss have been recognized as at 30 June 2014 in respect of goodwill.

Earnings

The audited net profit after tax of the Group for the eight months ended 31 December 2013 was approximately HK$5.8 million. As set out in Appendix IV to this Circular, assuming Completion had taken place on 1 May 2013, the Group would have a pro-forma net loss of approximately HK$66.8 million for the eight months ended 31 December 2013, after taking into account of (1) decrease in fair value of convertible instruments designated as financial assets at fair value through profit and loss of approximately HK$74.5 million; and (2) share of results of the SPV Group of approximately HK$1.8 million.

FINANCIAL EFFECTS OF THE EXERCISE OF THE CALL OPTION AND THE PUT OPTION

In the event where Coqueen exercises the call option in full, the Company is expected to cease to have any interest in the SPV. Accordingly, the SPV will cease to be a joint venture of the Company and the Company will cease to recognise any profit or loss from its investment in the SPV Group. In the event where Coqueen exercises the put option in full, the SPV is expected to become a wholly-owned subsidiary of the Company.

Assets and liabilities

According to the unaudited consolidated statement of financial position of the Group as at 30 June 2014, the Group's liabilities amounted to approximately HK$33.8 million as at 30 June 2014. As detailed in the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this Circular, assuming Completion and the full exercise of the put option by Coqueen, the Group would have total assets and net assets as of approximately HK$657.7 million and approximately HK$29.8 million, respectively.

Earnings

The audited net profit after tax of the Group for the eight months ended 31 December 2013 was approximately HK$5.8 million. As set out in Appendix IV to this Circular, assuming Completion and the full exercise of the put option by Coqueen, the Group would have a pro-forma net loss of approximately HK$60.0 million for the eight months ended 31 December 2013, after taking into account the relevant adjustments, amongst others, the decrease in fair value of convertible instruments designated as financial assets at fair value through profit and loss of approximately HK$74.5 million.

RISK FACTORS

The Directors believe there are certain risks in relation to the Conversion and the business and operations of the Enlarged Group.

Joint control of the SPV Group

Upon the execution of the Shareholders' Agreement, the SPV Board will consist of five members, three of them to be appointed by the Subscriber, constituting a majority of the SPV Board, which would allow the Subscriber to exercise control over the SPV Board. The SPV Board will be responsible for making high-level executive decisions in relation to the operation and financial matters of the SPV and will have the authority, power and responsibility, amongst others, to review and approve the budgets, business plans and financial statements of the SPV, whilst the Management Committee, which will comprise two directors appointed by Coqueen, i.e. the existing management of FLM HK and FLM Kowloon, will continue to oversee the administration and day-to-day operation of the SPV Group. For further details for the division of responsibilities between the SPV Board and the Management Committee, please refer to the section headed "The Shareholders' Agreement" of this Circular.

The Company cannot guarantee that there would be no disagreement between the SPV Board and the Management Committee on the overall business operations of the SPV Group. Should any material disagreement exists for a prolonged period, the business and the results of operations of the SPV Group may be affected.

Net current liabilities position of the SPV Group

As at 31 March 2014, the SPV Group has net current liabilities of approximately HK$38.0 million. It is the intention of the Group to improve the profitability of the Group, and to reduce the liabilities of the Group. Should the SPV Group be unsuccessful in achieving the same, the results of operations and the future business development of the SPV Group and the Enlarged Group may be affected.

Future financing for the SPV Group

The Enlarged Group may from time to time require financing including but not limited to equity and debt financing to support the business under the SPV Group. If such financing is not obtained in a timely manner, the results of operations and the future business development of the SPV Group may be affected.

RE-ELECTION OF RETIRING DIRECTOR

Reference is made to the announcements of the Company dated 24 and 25 June 2014, Mr. Chu Yu Man, Philip ("**Mr. Chu**") has been appointed as an independent non-executive Director with effect from 30 June 2014. According to the Article 86(3) of the articles of association of the Company (the "**Article(s)**") provides, among others, that the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

In this connection, Mr. Chu will hold office only until the EGM pursuant to Article 86(3). Mr. Chu being eligible, offers himself for re-election as an independent non-executive Director at the EGM.

Brief biographical details of Mr. Chu are set out in Appendix IX to this circular.

IMPLICATIONS UNDER THE GEM LISTING RULES

Very Substantial Acquisition

As the applicable percentage ratios defined under the GEM Listing Rules of the Conversion exceeds 100%, the Conversion constitutes a very substantial acquisition under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, publication and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

Reference is made to pages 73 to 74 of the CB Circular. The subscription price of HK$200 million of the Convertible Bonds and the conversion price of HK$20,000 per SPV Conversion Share were arrived at after arm's length negotiations between the parties, taking into account of:

1. the aggregate of the principal amount of the Convertible Bonds of HK$200,000,000;

2. the principal amount of the Subscriber SPV Loan which was assumed to be HK$100,000,000 at the time of determining the subscription price and the Conversion Price; and

3. the consolidated net profit after taxation of FLM HK and FLM Kowloon of approximately HK$25,335,000 and HK$8,400,000 respectively for the financial year ended 31 March 2012 from the statutory audited accounts at the time when the subscription price and the conversion price were determined. The calculated price to earnings ratio of approximately 17.79 times, based on 50% interest in the SPV after Conversion, represented approximately 3% discount to the average price to earnings ratio of approximately 18.32 times as quoted from Bloomberg under the sector (GICS) of classification "restaurants" listed on the Stock Exchange as at 20 December 2012 of which the Directors is of the view that such quote provided a comparatively holistic source and is amongst the most authoritative data in the financial industry.

As such, the Directors are of the view that the conversion price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Call/Put Options under the Shareholders' Agreement

As the exercise of the call option is at the discretion of Coqueen, the provisions of Rule 19.74 of the GEM Listing Rules require that on the grant of the option, the transaction will be classified as if the option had been exercised. As the monetary value of the consideration receivable upon the exercise of the call option is based on the then Fair Value of the SPV and not consequently determinable, whilst the other applicable percentage ratios defined under the GEM Listing Rules exceeds 100%, under Rule 19.76(1) of the GEM Listing Rules, the grant of the call option under the Shareholders' Agreement and the possible exercise thereof will also constitute a very substantial disposal of the Company and is therefore subject to the reporting, publication and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the exercise of the put option is at the discretion of Coqueen, the provisions of Rule 19.74 of the GEM Listing Rules require that on the grant of the option, the transaction will be classified as if the option had been exercised. As the monetary value of the consideration payable upon the exercise of the put option is based on the then Fair Value of the SPV and not consequently determinable, whilst the other applicable percentage ratios defined under the GEM Listing Rules exceeds 100%, under Rule 19.76(1) of the GEM Listing Rules, the grant of the put option under the Shareholders' Agreement and the possible exercise thereof will also constitute a very substantial acquisition of the Company and is therefore subject to the reporting, publication and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Company shall comply with the announcement obligation in accordance with the GEM Listing Rule requirements if Coqueen exercises the call/put option following the declaration by Coqueen of the occurrence of the Break-up Event.

In the event that the Conversion and the entry into the Shareholders' Agreement (other than the grant of the call/put options by the Company) are approved by the Shareholders at the EGM, but the grant of the call/put options by the Company are voted down by the Shareholders at the EGM, it is expected that the Company will proceed with the Conversion and the Subscriber shall grant Coqueen the first right of refusal to acquire the 50% shares in the SPV at 50% of the then Fair Value of the SPV, which shall be determined in accordance with the procedures and mechanisms as set out in the Shareholders' Agreement. Should the Shareholders' Agreement be amended, if the Subscriber decides to sell any SPV Shares, which in turn allows Coqueen to exercise the right of first refusal, the Company will comply with the requirements of Rule 19.75(2) of the GEM Listing Rules and any other applicable rules. Save as the above-mentioned, the remaining provisions of the Shareholders' Agreement will not be affected.

EGM

A notice convening the EGM to be held at Guo Fu Lou, LG2, The Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on Thursday, 18 September 2014 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same to the Company's branch share registrar in Hong Kong, Union Registrars Limited, 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish.

Abstain from Voting

As at the Latest Practicable Date, Major Ally Investments Limited held 43,000,000 Shares, representing approximately 8.14% of the total issued share capital of the Company, and is owned as to 50% by Fook Lam Moon Holdings Limited which is in turn wholly-owned by CPK. Accordingly, Major Ally Investments Limited and/or its associates shall abstain from voting at the EGM on the relevant resolutions in respect of the Conversion, the Shareholders' Agreement and the grant of the call/put option.

Save as disclosed above, to the best knowledge of the Directors, no other Shareholders are required to abstain from voting at the EGM.

RECOMMENDATION

The Board considers that the Conversion and the terms of the Shareholders' Agreement (including the grant and possible exercise of the call/put options thereunder) are on normal commercial terms and are fair and reasonable. In addition, the Board considers that the Conversion, the terms of the Shareholders' Agreement (including the grant and possible exercise of the call/put options thereunder) and the re-election of retiring Director are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Due to the amount of information required to be included in the Circular, including but not limited to (i) the financial information of the Group, (ii) the financial information of the SPV Group, (iii) the financial information of the FLM Group, (iv) unaudited pro forma financial information of the Enlarged Group, (v) management discussion and analysis of the Group, (vi) management discussion and analysis of the SPV Group, (vii) management discussion and analysis of the FLM business and (viii) the property valuation report, additional time of approximately ten months since the publication of the announcement of the Company on 18 October 2013 was required by the Company for preparing and ascertaining such information and finalising the circular.

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
CHINESE FOOD AND BEVERAGE GROUP LIMITED
Yu Sau Lai
Executive Director

I. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the years ended 30 April 2011, 30 April 2012 and for the eight months ended 31 December 2013 is set out in the audited consolidated financial statements of the Group for the years ended 30 April 2012, 2013 and for the eight months ended 31 December 2013, respectively, which has been published on pages 35 to 200, pages 34 to 112 and pages 65 to 200 of the annual reports of the Company for the respective years. The unaudited condensed consolidated financial statement of the Group for the six months ended 30 June 2014 is contained in pages 2 to 14 of the interim report of the Company. Each of the abovementioned reports is posted on both the GEM website (www.hkgem.com) and the website of the Company (www.cfbgroup.com.hk), respectively.

II. FINANCIAL PROSPECT OF THE GROUP

The Group has been principally engaged in the local catering business. It is the Group's corporate strategy to explore other industries with good business potential and growth prospects, including but not limited to, the food and beverage industry in the PRC.

One of the current key business of the Group is the catering business and the Group is currently operating a premium Chinese restaurant under the management and license of "Guo Fu Lou" brand, a renowned Michelin One Star restaurant tailored to provide premium Chinese banqueting services for corporate and family gatherings as part of its development in the industry. The Group has also been expanding its catering business with an ongoing vision to develop further in the local market and is expected to continue to explore and research into any other business opportunities in relation to catering businesses.

After completion of the Subscription, the Group is focusing on business development of FLM Group and intends to maintain the operations of all the existing business segments. Going forward, the FLM Group will continue to strengthen its presence in the local and regional catering industry. With the focus of operating high-end Chinese restaurants, the FLM Group is looking to explore and expand into the markets of Macau, Mainland China and Singapore alongside the growing high end market in the above regions. The Group believes that with the long standing industry experience in the local market of the FLM Group, they can further utilize their competitive edge and mark a success in the potential new markets.

III. INDEBTEDNESS

Borrowings

As at 31 July 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Group had the following outstanding borrowings:

1. Loans with aggregate principal amount of HK$11 million borrowed by a wholly-owned subsidiary of the Company from a company holding a money lender license, bearing interest of 10% per annum and repayable within one year after draw down. The Company has provided corporate guarantee for that borrowing.

2. A term loan with principal amount of HK$300 million obtained from an independent third party, bearing interest of 1.6% per month for a period of six months up to 30 September 2014.

   The HK$300 million term loan were secured by certain subsidiaries shares charged and assets owned by subsidiaries, including, the deposit paid of HK$20 million, loan receivable of approximately HK$69 million, principal value of HK$200 million convertible bonds issued by the SPV and trade and other receivable of approximately HK$5 million.

3. The details of assets pledge please refer to V-6 of Appendix V of this Circular.

4. A one year loan of HK$15 million obtained from Coqueen borrowed by a subsidiary of the Company. The loan is interest free and unsecured.

5. A finance lease arrangement with an outstanding amount of approximately HK$30,000 for a motor vehicle for a monthly repayment up to 2016 remained outstanding and bearing interest at 1.72% per annum.

Contingent liabilities and Capital commitment

As at the close of business on 31 July 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Group did not have any significant contingent liabilities and capital commitment.

IV. WORKING CAPITAL

After taking into account of (i) the Completion and (ii) the present financial resources available to the Group (including internally generated revenue and funds), and subject to (i) the loan facilities of up to HK$40,000,000 offered by the SPV (being financed by the loan facility as further described in page II-57 of this Circular) and (ii) no request of early full repayment of the convertible bonds of US$37.5 million to be issued by the Company as announced on 1 April 2014, the Board believes that the Group shall have sufficient working capital to meet its present requirement for at least 12 months from the date of this circular in the absence of unforeseen circumstance.

V. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the interim report of the Company for the six months ended 30 June 2014 published on 13 August 2014, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, the date to which the latest published audited financial information of the Company was made up.

中磊（香港）會計師事務所有限公司
ZHONGLEI (HK) CPA Company Limited

29 August 2014

The Board of Directors
Chinese Food and Beverage Group Limited
4/F., Phase 1
Kaiser Estate
41 Man Yue Street
Hunghom
Kowloon, Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "**Financial Information**") of Professional Guide Enterprise Limited (the "**SPV**") and its subsidiaries (hereinafter collectively referred to as the "**SPV Group**") which comprises the consolidated statements of financial position of the SPV Group as at 31 March 2013, 31 December 2013 and 31 March 2014, and the consolidated statements of profit and loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the SPV Group for the period from 21 May 2012 (date of incorporation) to 31 March 2013, for the nine months ended 31 December 2013, and for the three months ended 31 March 2014 (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 SPV for inclusion in the circular issued by Chinese Food and Beverage Group Limited (the "**Company**") dated 29 August 2014 (the "**Circular**") in connection with the proposed exercise of conversion rights attached to convertible bonds in the principal amount of HK$200,000,000 issued by the SPV, details of which is set out in the Circular.

The SPV is a limited liability company incorporated in British Virgin Islands ("**BVI**") on 21 May 2012. The total issued share capital of the SPV is USD10,000. The addresses of the SPV's registered office and principal place of business are P.O Box 146, Road Town, Tortola, British Virgin Islands and 16/F., Chung Nam Building, 1 Lockhart Road, Wanchai, Hong Kong, respectively. The SPV Group is engaged in the operation of high-end Chinese restaurant business, serving Cantonese cuisine and provision of banquet catering services.

At the end of the Relevant Periods and at the date of this report, the SPV has direct and indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation	Issued and fully paid up share capital	Effective equity interest attributable to the SPV				Principal activities
			At 31 March 2013	At 31 December 2013	At 31 March 2014	At the date of this report	
Fook Lam Moon Restaurant Limited (**"FLM HK"**) 福臨門酒家有限公司	Hong Kong 25 November 1975	HK$600,000	–	89.26%	89.26%	89.26%	High-end Chinese restaurant business, serving Cantonese cuisine and provision of banquet catering services
Fook Lam Moon (Kowloon) Restaurant Limited (**"FLM Kowloon"**) 福臨門(九龍)酒家有限公司	Hong Kong 22 March 1977	HK$1,000,000	–	86.00%	86.00%	86.00%	High-end Chinese restaurant business, serving Cantonese cuisine and provision of banquet catering services
Champion Tree Investment Limited (**"CTI"**) 萬里寧投資有限公司	Hong Kong 28 February 1991	HK$10,000	–	86.00%	86.00%	86.00%	Property investment

The SPV Group is principally operating in Hong Kong. All companies comprising the SPV Group had originally adopted 31 March as their financial year end. During the Relevant Periods, the reporting period end date of all companies comprising the SPV Group was changed from 31 March to 31 December with effect from the financial period ended 31 December 2013 so as to align with the norm of financial year end date in the market.

The statutory financial statements of the subsidiaries which have been prepared in accordance with the relevant accounting principles and financial regulations applicable to companies incorporated or established in Hong Kong were audited by the following certified public accountants registered in Hong Kong:

Name of company	Financial year	Name of auditors
FLM HK	Year ended 31 March 2012	Leung & Puen CPA Limited
	Year ended 31 March 2013 and nine months ended 31 December 2013	ZHONGLEI (HK) CPA Company Limited ("**ZHONGLEI CPA**")
FLM Kowloon	Year ended 31 March 2012	Leung & Puen CPA Limited
	Year ended 31 March 2013 and nine months ended 31 December 2013	ZHONGLEI CPA
CTI	Year ended 31 March 2012	Leung & Puen CPA Limited
	Year ended 31 March 2013 and nine months ended 31 December 2013	ZHONGLEI CPA

No audited financial statements have been prepared for the SPV since the date of incorporation as there is no such statutory requirement in the BVI.

For the purpose of the preparation of this report, the directors of the SPV have prepared consolidated financial statements of the SPV Group for the Relevant Periods (the "**Underlying Financial Statements**") in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). We have carried out an independent audit on the Underlying Financial Statements for the Relevant Periods in accordance with Hong Kong Standards on Auditing ("**HKSA**") issued by the HKICPA and examined the Underlying Financial Statements for the Relevant Periods in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant'' as recommended by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements. No adjustments have been made by us to the Underlying Financial Statements for the Relevant Periods in preparing our report for inclusion in the Circular.

The preparation of the Underlying Financial Statements are the responsibility of the directors of the SPV. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together gives, for the purpose of this report, a true and fair view of the state of affairs of the SPV Group as at 31 March 2013, 31 December 2013 and 31 March 2014, and of the SPV Group's results and cash flows for the period from 21 May 2012 (date of incorporation) to 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2014.

COMPARATIVE FINANCIAL INFORMATION

The unaudited comparative consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the SPV Group for the three months ended 31 March 2013 together with the notes thereon have been prepared based on the unaudited financial information of the SPV Group for the same period (the "**31 March 2013 Financial Information**") which was prepared by the directors of the SPV solely for the purpose of this report. We have reviewed the 31 March 2013 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 31 March 2013 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the 31 March 2013 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 March 2013 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 2 to the Financial Information below, which indicate that as at 31 March 2014, the SPV Group have net current liabilities of approximately HK$37,973,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the SPV Group's ability to continue as a going concern.

(I) FINANCIAL INFORMATION OF THE SPV GROUP

The following is the financial information (the "**Financial Information**") of Professional Guide Enterprise Limited (the "**SPV**") and its subsidiaries (hereinafter collectively referred to as the "**SPV Group**") prepared by the directors of the SPV as at 31 March 2013, 31 December 2013 and 31 March 2014 and for the period from 21 May 2012 (date of incorporation) to 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2013 and 31 March 2014 (the "**Relevant Periods**").

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Notes	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
		HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Turnover	*9*	–	90,228	–	44,075
Cost of sales		–	(31,879)	–	(15,902)
Gross profit		–	58,349	–	28,173
Other income	*11*	–	2,358	–	1,877
Operating and administrative expenses		(362)	(43,132)	(175)	(19,384)
Finance costs	*12*	–	(8,994)	–	(3,833)
(Loss) profit before tax		(362)	8,581	(175)	6,833
Income tax expenses	*13*	–	(3,094)	–	(1,736)
(Loss) profit and total comprehensive (expense) income for the period	*14*	(362)	5,487	(175)	5,097
(Loss) profit and total comprehensive (expense) income for the period attributable to:					
Owners of the SPV		(362)	3,694	(175)	4,033
Non-controlling interests		–	1,793	–	1,064
		(362)	5,487	(175)	5,097
Dividends	*17*	–	–	–	–

Consolidated Statements of Financial Position

	Notes	At 31 March 2013 *HK$'000*	At 31 December 2013 *HK$'000*	At 31 March 2014 *HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*18*	–	508,441	505,430
Available-for-sale financial assets	*19*	–	1	1
Deferred tax asset	*20*	–	1,615	1,625
Intangible asset	*21*	–	49,900	49,900
		–	559,957	556,956
CURRENT ASSETS				
Inventories	*22*	–	24,159	22,613
Trade and other receivables	*23*	–	7,518	21,786
Amount due from the holding company	*24*	19,966	–	–
Amounts due from related companies	*24*	–	269	407
Amount due from a director	*25*	–	3	3
Tax recoverable		–	–	631
Bank balances and cash	*26*	–	22,433	8,665
		19,966	54,382	54,105
CURRENT LIABILITIES				
Trade and other payables	*27*	20,250	13,859	11,743
Amount due to the holding company	*28*	–	27,240	19,903
Amounts due to related companies	*28*	–	3,617	4,809
Amounts due to directors	*25*	–	230	180
Bank and other borrowings	*29*	–	35,000	55,333
Tax liabilities		–	4,987	110
		20,250	84,933	92,078
NET CURRENT LIABILITIES		(284)	(30,551)	(37,973)
TOTAL ASSETS LESS CURRENT LIABILITIES		(284)	529,406	518,983

	Notes	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
NON-CURRENT LIABILITIES				
Convertible bonds	30	–	179,220	181,291
Bank and other borrowings	29	–	134,657	117,557
Deferred tax liabilities	20	–	64,131	63,640
		–	378,008	362,488
NET (LIABILITIES) ASSETS		(284)	151,398	156,495
CAPITAL AND RESERVES				
Share capital	31	78	78	78
Reserves		(362)	93,150	97,183
Equity attributable to owner of the SPV		(284)	93,228	97,261
Non-controlling interests	33	–	58,170	59,234
TOTAL (DEFICIENCY) EQUITY		(284)	151,398	156,495

Consolidated Statements of Changes in Equity

	Attributable to owners of the Company						
	Share capital	Convertible bonds equity reserve	Capital reserve	(Accumulated losses) retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Issuance of shares upon incorporation	78	–	–	–	78	–	78
Loss and total comprehensive expense for the period	–	–	–	(362)	(362)	–	(362)
At 31 March 2013	78	–	–	(362)	(284)	–	(284)
Profit and total comprehensive income for the period	–	–	–	3,694	3,694	1,793	5,487
Acquisition of subsidiaries *(Note 32)*	–	–	64,438	–	64,438	56,377	120,815
Issuance of convertible bonds *(Note 30)*	–	25,380	–	–	25,380	–	25,380
At 31 December 2013	78	25,380	64,438	3,332	93,228	58,170	151,398
Profit and total comprehensive income for the period	–	–	–	4,033	4,033	1,064	5,097
At 31 March 2014	78	25,380	64,438	7,365	97,261	59,234	156,495

For the three months ended 31 March 2013 (Unaudited)

	Share capital	Convertible bonds equity reserve	Capital reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	78	–	–	(187)	(109)	–	(109)
Loss and total comprehensive expense for the period	–	–	–	(175)	(175)	–	(175)
At 31 March 2013	78	–	–	(362)	(284)	–	(284)

Consolidated Statements of Cash Flows

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
OPERATING ACTIVITIES				
(Loss) profit before tax	(362)	8,581	(175)	6,833
Adjustments for:				
Depreciation of property, plant and equipment	–	7,502	–	3,120
Interest income	–	(18)	–	–
Finance costs	–	8,994	–	3,833
(Reversal) provision of long service payments	–	(89)	–	26
Operating cashflows before movements in working capital	(362)	24,970	(175)	13,812
Decrease in inventories	–	6,973	–	1,546
Increase in trade and other receivables	–	(482)	–	(14,266)
Increase (decrease) in trade and other payables	20,250	4,797	125	(2,142)
Decrease (increase) in amount due from a director	–	1,875	–	(50)
Decrease in amounts due from related companies	–	422	–	98
Cash generated from (used in) operations	19,888	38,555	(50)	(1,002)
Income tax paid	–	–	–	(7,745)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	19,888	38,555	(50)	(8,747)
INVESTING ACTIVITIES				
Acquisition of subsidiaries	–	(403,031)	–	–
Purchase of property, plant and equipment	–	(872)	–	(109)
Interest received on bank deposits	–	18	–	–
NET CASH USED IN INVESTING ACTIVITIES	–	(403,885)	–	(109)

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
FINANCING ACTIVITIES				
Issuance of shares upon incorporation	78	–	–	–
(Increase) decrease in amount due from the holding company	(19,966)	45,814	50	(7,931)
Repayment of bank and other borrowings	–	(51,370)	–	(18,767)
New bank and other borrowings raised	–	213,357	–	22,000
Interests paid on bank borrowings	–	(38)	–	(214)
Proceeds from issuance of convertible bonds	–	180,000	–	–
NET CASH FROM FINANCING ACTIVITIES	(19,888)	387,763	50	(4,912)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	–	22,433	–	(13,768)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	–	–	–	22,433
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD				
Represented by bank balances and cash	–	22,433	–	8,665

Notes to the Financial Information

1. GENERAL

Professional Guide Enterprise Limited (the "**SPV**") was incorporated in British Virgin Islands with limited liability.

Upon the completion of group reorganisation on 4 June 2013, the SPV has acquired two non-wholly owned subsidiaries, namely Fook Lam Moon Restaurant Limited ("**FLM HK**") and Fook Lam Moon (Kowloon) Restaurant Limited ("**FLM Kowloon**") as detailed in Note 32 to the Financial Information. Coqueen Company Limited, a company incorporated in Hong Kong with limited liability is the holding company of the SPV.

The addresses of the registered office and principal place of business of the SPV are P.O Box 146, Road Town, Tortola, British Virgin Islands and 16/F., Chung Nam Building, 1 Lockhart Road, Wanchai, Hong Kong, respectively.

The SPV is an investment holding company. The SPV and its subsidiaries (hereinafter collectively referred to as the "**SPV Group**") are principally engaged in the operation of high-end Chinese restaurant business, serving Cantonese cuisine and provision of banquet catering services.

The Financial Information is presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the SPV Group.

2. BASIS OF PREPARATION

As at 31 March 2014, the SPV Group had net current liabilities of approximately HK$37,973,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the SPV Group's ability to continue as a going concern. Therefore, the SPV Group may be unable to realise its assets and discharge its liability in the normal course of business.

These Financial Information have been prepared on a going concern basis, the validity of which depends upon the financial support of the holding company, at a level sufficient to finance the working capital requirements of the SPV Group. In addition, the SPV Group has obtained the undertaking from holding company not to demand for repayment of debts due from the SPV Group until such time when repayment will not affect the ability of the SPV Group to repay other creditors in the normal course of business. The directors of the SPV are therefore of the opinion that it is appropriate to prepare the Financial Information on a going concern basis. Should the SPV Group be unable to continue as a going concern, adjustments would have to be made to the Financial Information to adjust the value of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

3. CHANGE OF FINANCIAL YEAR END DATE

During the Relevant Periods, the reporting period end date of all companies comprising the SPV Group was changed from 31 March to 31 December with effect from the financial period ended 31 December 2013 so as to align with the norm of financial year end date in the market. Accordingly, the Financial Information for the Relevant Periods covers the nine months period from 1 April 2013 to 31 December 2013.

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the SPV Group has adopted all the HKFRSs and HKASs issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the SPV Group's financial period beginning on 1 January 2014 consistently throughout the Relevant Periods.

At the date of this report, the following new and revised HKFRSs and HKASs have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements HKFRSs 2010 – 2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements HKFRSs 2011 – 2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[3]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operation[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC*) – Int 21	Levies[1]

* *IFRIC represents the International Financial Reporting Interpretation Committee*

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted

2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The *Annual Improvements to HKFRSs 2010-2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the SPV do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2010-2012 Cycle* will have a material effect on the SPV Group's Financial Information.

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of the SPV Group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the SPV do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011-2013 Cycle* will have a material effect on the SPV Group's Financial Information.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the SPV anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the SPV Group's financial assets and financial liabilities. Regarding the SPV Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The directors of the SPV do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the SPV Group's Financial Information as the SPV Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

– obtain funds from one or more investors for the purpose of providing them with professional investment management services;

– commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

– measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The directors of the SPV do not anticipate that the investment entities amendments will have any effect on the SPV Group's Financial Information as the SPV Group is not an investment entity.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the SPV do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the SPV Group's Financial Information.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). For the purpose of the Financial Information, the SPV Group has adopted, at the beginning of the Relevant Periods, all new and revised HKFRSs applicable to the Relevant Periods.

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the SPV Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Basis of consolidation

The Financial Information incorporates the financial information of the SPV and entities controlled by the SPV (its subsidiary). Control is achieved when the SPV:

- has power over the investee;
- is exposed, or has the rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The SPV reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the SPV obtains control over the subsidiary and ceased when the SPV loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the Relevant Periods are included in the consolidated statements of profit or loss and other comprehensive income from the date the SPV gains control until the date when the SPV ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the SPV and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the SPV and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All significant intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statements of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the SPV Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

Revenue from the sale of goods is recognised when the goods are delivered and titles have been passed, at which time all the following conditions are satisfied:

- The SPV Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The SPV Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the SPV Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from restaurant operation is recognised when the catering services are provided.

Cash tips income is recognised when services are rendered and tips are received.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the SPV Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the SPV Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on tangible assets and intangible assets

At the end of the reporting period, the SPV Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the SPV Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The SPV Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recongised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the SPV Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the SPV Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Borrowings

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

Borrowings are classified as current liabilities unless the SPV Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready to their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

Payments to the defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme (the "**MPF Scheme**") are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before tax" as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The SPV Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the relevant reporting periods.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the SPV Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets above).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The SPV Group's financial assets are classified as loans and receivables and available-for-sale ("**AFS**") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount(s) due from the holding company/related companies/a director and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. The SPV Group designated unlisted equity investments as AFS financial assets on initial recognition of those items.

Dividends on AFS equity instruments are recognised in profit or loss when the SPV Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy in respect of impairment loss on financial assets below).

Impairment loss of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asst because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the SPV Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the SPV Group after deducting all of its liabilities. Equity instruments issued by the SPV Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables and amount(s) due to related companies/the holding company/directors and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

The component parts of the convertible bonds issued by the SPV are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the SPV's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Derecognition

The SPV Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the SPV Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the SPV Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the SPV Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the SPV Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the SPV Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the SPV Group's accounting policies, which are described in Note 5 to the Financial Information, the directors of the SPV are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgment in applying the entity's accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the directors of the SPV have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Going concern and liquidity

As explained in Note 2 to the Financial Information, the financial position of the SPV Group indicates the existence of a material uncertainty which may cast doubt on the SPV Group's ability to continue as a going concern. The assessment of the going concern assumptions involves making judgement by the directors of the SPV, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the SPV consider that the SPV Group has ability to continue as a going concern and the major conditions that may cast significant doubt about the going concern assumptions are set out in Note 2.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The SPV Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the period and the estimate will be changed in the future period.

Impairment loss recognised in respect of trade receivables

The SPV Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. Credit losses have historically been within the SPV Group's expectations and the SPV Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. The carrying amount of trade receivables was approximately HK$Nil, HK$6,195,000 and HK$5,583,000 at 31 March 2013, 31 December 2013 and 31 March 2014 respectively. No impairment loss has been recognised during the Relevant Periods.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Income taxes

The SPV Group is subject to income taxes in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. A deferred tax asset of approximately HK$Nil, HK$1,615,000 and HK$1,625,000 at 31 March 2013, 31 December 2013 and 31 March 2014 respectively, in relation to the deductible temporary difference has been recognised in the SPV Group's consolidated statements of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Impairment of intangible assets

The carrying amounts of intangible assets are reviewed annually and adjusted for impairment in accordance with HKAS 36 whenever certain events or changes in circumstances indicate that the carrying amount may not be recoverable. The SPV Group determines the recoverable amount of the assets based on the estimations of future expected cash flows from the usage of these assets and a suitable discount rate. Where the future cash flows are less than expected, a material impairment loss may arise. Details of the recoverable amount calculation for intangible assets are disclosed in Note 21 to the Financial Information.

7. CAPITAL RISK MANAGEMENT

The SPV Group manages its capital to ensure that the SPV Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The SPV Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the SPV Group consists of bank balances and cash and equity attributable to owners of the SPV, comprising of issued share capital and retained earnings.

The directors of the SPV review the capital structure on a regular basis. As part of this review, the directors of the SPV consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the SPV, the SPV Group will balance its overall capital structure through the payment of dividends, new shares issues as well as the issue of new debts or the redemption of existing debts.

8. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
Financial assets			
AFS financial assets	–	1	1
Loans and receivables			
Trade and other receivables	–	7,290	21,545
Amount from the holding company	19,966	–	–
Amounts due from related companies	–	269	407
Amount due from a director	–	3	3
Bank balances and cash	–	22,433	8,665
	19,966	29,995	30,620
	19,966	29,996	30,621
Financial liabilities			
Trade and other payables	20,250	13,859	11,743
Amount due to the holding company	–	27,240	19,903
Amounts due to related companies	–	3,617	4,809
Amounts due to directors	–	230	180
Bank and other borrowings	–	169,657	172,890
Liabilities components of convertible bonds	–	179,220	181,291
	20,250	393,823	390,816

b. Financial risk management objectives and policies

The SPV Group's major financial instruments include available-for-sale financial assets, trade and other receivables, amount(s) due from (to) directors/the holding company/related companies, bank balances and cash, trade and other payables, bank and other borrowings and liability component of convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Currency risk to the SPV Group is minimal as most of the SPV Group's transactions are carried out in the respective functional currencies of the SPV Group.

Interest rate risk

The SPV Group's exposure to market risk for changes in interest rates mainly arises from SPV Shareholder loan, loan from the holding company and bank borrowings. Bank borrowings arranged at variable rates expose the SPV Group to cash flow interest rate risk. Nil, 100% and 100% of the bank borrowings bore interest at floating rates at 31 March 2013, 31 December 2013 and 31 March 2014. The interest rate and repayment terms of the bank borrowings outstanding at year end are disclosed in Note 29.

The SPV Group is exposed to cash flow interest rate risk in relation to its variable rate bank balances. The SPV Group considered that the effect of variable rate bank balance on the cash flow interest rate risk is minimal and no sensitivity analysis to interest rate risk is presented.

At 31 March 2014, if interest rates had been 50 basis points (31 December 2013 and 31 March 2013: 50 basis points) higher/lower and all other variables were held constant, the effect to the Group's post-tax profit for the Relevant Periods are as follows:

	21 May 2012 (date of incorporation) to 31 March 2013	**Nine months ended 31 December 2013**	**Three months ended 31 March 2014**
	HK$	*HK$*	*HK$*
(Decrease) increase by approximately	–	531,000	180,000

Credit risk

The SPV Group's maximum exposure to credit risk which will cause a financial loss to the SPV Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the management of the SPV Group has delegated a team which is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the SPV Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the SPV consider that the SPV Group's credit risk is significantly reduced.

Most of the trade receivables are due within 30 day from the date of billing. Normally, the SPV Group does not obtain collateral from customers.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the SPV Group does not have any other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, the directors of SPV monitor and maintain a level of bank balances and cash deemed adequate to finance the SPV Group's operation, investment opportunity and mitigate the effects of fluctuations in cash flows.

The SPV's directors monitor the utilisation of bank borrowings and ensure compliance with loan covenants. Details of the bank and other borrowings are disclosed in Note 29 to the Financial Information.

As at 31 March 2014, the SPV Group is exposed to liquidity risk as the SPV Group has net current liabilities of approximately HK$37,973,000. The liquidity of the SPV Group primary depends on its ability to obtain financial support continuing from the holding company. The adoption of the going concern basis has been detailed in Note 2 to the Financial Information. In the opinion of the directors of the SPV, the SPV Group's exposure to liquidity is limited.

The following table details the SPV Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the SPV Group can be required to pay. The table includes both interest and principal cash flows. The maturity dates for non-derivative financial liabilities are based on agreed repayment date. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate as at the end of the reporting period.

	Weighted average interest rate	Repayable on demand or within one year	More than one year but not exceeding two years	More than two years but not exceeding five years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2013						
Trade and other payables	–	20,250	–	–	20,250	20,250
31 December 2013						
Trade and other payables	–	13,859	–	–	13,859	13,859
Amounts due to related companies	–	3,617	–	–	3,617	3,617
Amount due to the holding company	–	27,240	–	–	27,240	27,240
Amounts due to directors	–	230	–	–	230	230
Bank and other borrowings						
– bank borrowings *(Note)*	2.09%	35,731	–	–	35,731	35,000
– SPV Shareholder Loan *(as defined in Note 29C)*	5%	4,324	4,324	90,822	99,470	86,498
– loan from the holding company	5%	2,408	2,408	50,567	55,383	48,159
Liabilities component of convertible bonds	4.62%	–	–	200,000	200,000	179,220
		87,409	6,732	341,389	435,530	393,823
31 March 2014						
Trade and other payables	–	11,743	–	–	11,743	11,743
Amounts due to related companies	–	4,809	–	–	4,809	4,809
Amount due to the holding company	–	19,903	–	–	19,903	19,903
Amounts due to directors	–	180	–	–	180	180
Bank and other borrowings						
– bank borrowings *(Note)*	2.08%	34,026	–	–	34,026	33,333
– Revolving loan *(Note)*	2.28%	22,501	–	–	22,501	22,000
– SPV Shareholder Loan *(as defined in Note 29C)*	5%	3,470	3,470	72,001	78,941	69,398
– loan from the holding company	5%	2,408	2,408	49,965	54,781	48,159
Liabilities component of convertible bonds	4.62%	–	–	200,000	200,000	181,291
		99,040	5,878	321,966	426,884	390,816

Note: At 31 March 2014, included in interest-bearing bank loans of the SPV Group are term loans with an aggregate principal amounting to approximately HK$55,333,000 (31 December 2013: HK$35,000,000 and 31 March 2013: HK$Nil) of which the respective loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors of the SPV do not believe that these loans will be called in their entirely within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the respective loan agreements. This evaluation was made considering: the financial position of the SPV Group at the date of approval of the Financial Information; the SPV Group's compliance with the loan covenants; the lack of events of default, and the fact that the SPV Group has made all previously scheduled repayments on time.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rate are different to those estimates if interest rates are determined at the end of the reporting periods.

c. Fair value measurement of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

9. TURNOVER

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Chinese restaurant operation	–	90,228	–	44,075

10. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the board of directors of the SPV, being the chief operating decision maker for the purposes of allocation of resources to, and assessing the performance of, the SPV Group's various lines of business and geographical locations.

The SPV Group has only one operating and reportable segment, represented the operation of Chinese restaurant for the Relevant Periods. Since this is the only one operating and reportable segment of the SPV Group, no further analysis thereof is presented. All the revenue of the SPV Group are generated from the operation of Chinese restaurant for the Relevant Periods.

Geographical information

The SPV Group's operations take place in Hong Kong. All the revenue from external customer of the SPV Group are generated from customers located in Hong Kong. All the non-current assets of the SPV Group are located in Hong Kong.

Information about major customers

There was no single customer contributing over 10% of total turnover of the SPV Group during the Relevant Periods.

11. OTHER INCOME

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Cash tips	–	1,568	–	805
Interest income	–	18	–	–
Sales of seasonal goods	–	107	–	950
Sundry income	–	665	–	122
	–	2,358	–	1,877

12. FINANCE COSTS

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interests on SPV Shareholder Loan *(as defined in Note 29C)*	–	2,964	–	954
Interests on loan from the holding company	–	1,392	–	594
Interests on bank borrowings, wholly repayable within five years	–	38	–	214
Effective interest expense on convertible bonds	–	4,600	–	2,071
	–	8,994	–	3,833

13. INCOME TAX EXPENSES

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Current tax				
– Hong Kong	–	4,074	–	2,237
Effect of tax reduction	–	(66)	–	–
Deferred tax *(Note 20)*	–	(914)	–	(501)
Income tax expenses for the period	–	3,094	–	1,736

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Relevant Periods.

The income tax expenses for the period can be reconciled to the (loss) profit before tax per the consolidated statements of profit and loss and other comprehensive income as follows:

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
(Loss) profit before tax	(362)	8,581	(175)	6,833
Tax at the domestic income tax rate of 16.5%	(60)	1,417	(29)	1,127
Tax effect of income not taxable for tax purpose	–	(19)	–	–
Tax effect of expenses not deductible for tax purpose	60	1,762	29	609
Effect of tax reduction	–	(66)	–	–
Income tax expenses	–	3,094	–	1,736

14. (LOSS) PROFIT FOR THE PERIOD

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March 2013	2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
(Loss) profit for the period has been arrived at after (crediting) charging:				
Directors' and chief executives' emoluments *(Note 15)*	–	2,955	–	828
Other staff costs				
– Salaries and other allowances	–	22,133	–	9,910
– (Reversal) provision of long service payments	–	(89)	–	26
– Retirement benefits scheme contributions	–	950	–	543
Total staff costs	–	25,949	–	11,307
Auditors' remuneration				
– Annual audit service	–	126	–	–
– Other audit service	–	8	–	–
Depreciation of property, plant and equipment	–	7,502	–	3,120
Inventories cost recognised as expenses	–	31,879	–	15,902
Minimum lease payments under operating lease in respect of office equipment	–	17	–	10

15. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

The emoluments paid or payable to the SPV's directors during the Relevant Periods were as follows:

	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the period from 21 May 2012 (date of incorporation) to 31 March 2013					
Directors Services (B.V.I.) Limited *(Note a)*	–	–	–	–	–
Mr. Chui Pui Kun *(Note b)*	–	–	–	–	–
Mr. Chui Tak Keung, Duncan *(Note b)*	–	–	–	–	–
	–	–	–	–	–

	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the nine months ended 31 December 2013					
Mr. Chui Pui Kun *(Note b)*	–	1,419	150	–	1,569
Mr. Chui Tak Keung, Duncan *(Note b)*	–	1,288	80	18	1,386
Ms. Yu Sau Lai *(Note c)*	–	–	–	–	–
	–	2,707	230	18	2,955

	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the three months ended 31 March 2013 (Unaudited)					
Mr. Chui Pui Kun *(Note b)*	–	–	–	–	–
Mr. Chui Tak Keung, Duncan *(Note b)*	–	–	–	–	–
	–	–	–	–	–

	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the three months ended 31 March 2014					
Mr. Chui Pui Kun *(Note b)*	–	450	–	–	450
Mr. Chui Tak Keung, Duncan *(Note b)*	–	360	10	8	378
Ms. Yu Sau Lai *(Note c)*	–	–	–	–	–
	–	810	10	8	828

Notes:

(a) Appointed on 21 May 2012 and resigned on 17 December 2012

(b) Appointed on 17 December 2012

(c) Appointed on 4 June 2013

The discretionary bonus was determined with reference to the operating results and individual performance of the SPV Group for the Relevant Periods.

No emoluments were paid by the SPV Group to the directors or chief executives of the SPV as an inducement to join, or upon joining the SPV Group or as compensation for loss of office and neither the chief executive nor any of the directors waived any emoluments during the Relevant Periods. Apart from the directors of the SPV, the SPV Group has not classified any other persons as chief executives during the Relevant Periods.

16. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the SPV Group during the period from 21 May 2012 (date of incorporation) to 31 March 2013, and for the nine months ended 31 December 2013 and for the three months ended 31 March 2013 and 31 March 2014 included nil, two, nil and two were directors of the SPV respectively, whose emoluments are disclosed in Note 15 above. The emoluments of the remaining nil, three, nil and three individuals respectively during the period from 21 May 2012 (date of incorporation) to 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2013 and 31 March 2014 were as follows:

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March	
			2013	2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Salaries and other allowances	–	943	–	444
Retirement benefits scheme contributions	–	41	–	16
	–	984	–	460

Their emoluments were within the following bands:

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March	
			2013	2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Nil to HK$1,000,000	–	3	–	3

17. DIVIDENDS

No dividend was paid or proposed during the period from 21 May 2012 (date of incorporation) to 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2013 and 31 March 2014, nor has any dividend been proposed since the end of the Relevant Periods.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvement HK$'000	Furniture and fixtures HK$'000	Plant and machinery HK$'000	Motor vehicle HK$'000	Total HK$'000
COST							
At 21 May 2012 (date of incorporation) and 31 March 2013	–	–	–	–	–	–	–
Acquisition of subsidiaries	475,736	75,882	12,683	40,071	8,556	2,379	615,307
Additions	–	–	–	54	363	455	872
Written-off	–	–	–	(2)	–	–	(2)
At 31 December 2013	475,736	75,882	12,683	40,123	8,919	2,834	616,177
Additions	–	–	–	109	–	–	109
At 31 March 2014	475,736	75,882	12,683	40,232	8,919	2,834	616,286
ACCUMULATED DEPRECIATION							
At 21 May 2012 (date of incorporation) and 31 March 2013	–	–	–	–	–	–	–
Acquisition of subsidiaries	11,437	26,821	12,408	38,888	8,372	2,310	100,236
Provided for the period	5,921	1,010	54	101	279	137	7,502
Written-off	–	–	–	(2)	–	–	(2)
At 31 December 2013	17,358	27,831	12,462	38,987	8,651	2,447	107,736
Provided for the period	2,538	433	62	41	23	23	3,120
At 31 March 2014	19,896	28,264	12,524	39,028	8,674	2,470	110,856
CARRYING VALUES							
At 31 March 2013	–	–	–	–	–	–	–
At 31 December 2013	458,378	48,051	221	1,136	268	387	508,441
At 31 March 2014	455,840	47,618	159	1,204	245	364	505,430

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the remaining lease term
Buildings	Over the remaining useful life
Leasehold improvement	20%
Furniture and fixtures	20%
Plant and machinery	20%
Motor vehicle	20%

The carrying value of leasehold land comprises:

	At 31 March 2013	At 31 December 2013	At 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*
Leasehold land in Hong Kong			
Long-lease	–	10,762	10,759
Medium-term lease	–	447,616	445,081
	–	458,378	455,840

The SPV Group has pledged certain leasehold land and buildings with carrying values of approximately HK$Nil, HK$283,043,000 and HK$282,204,000 as at 31 March 2013, 31 December 2013 and 31 March 2014 respectively to secure the banking facilities granted to the SPV Group as disclosed in Note 29 to the Financial Information.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 31 March 2013	At 31 December 2013	At 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*
Unlisted equity investments, at cost	–	1	1

The above unlisted equity investment represents the SPV Group's 10% equity interests in the share capital of Fook Lam Moon Restaurant (China) Limited, a private limited liability company incorporated in British Virgin Islands which principal activity is to hold a non-exclusive license granted by Fook Lam Moon Restaurant Limited to operate and manage three Cantonese restaurants owned by Shangrila Hotels in China, located in Beijing, Shanghai, and Shenzhen.

The available-for-sale financial assets are measured at cost less accumulated impairment loss at the end of the Relevant Periods because the range of reasonable fair value estimates is so significant that the directors of the SPV are of the opinion that their fair values cannot be measured reliably.

20. DEFERRED TAX ASSETS (LIABILITIES)

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the Relevant Periods:

	Accelerated tax depreciation	Fair value change	Total
	HK$'000	*HK$'000*	*HK$'000*
At 21 May 2012 (date of incorporation), and 31 March 2013	–	–	–
Acquisition of subsidiaries	1,844	(65,274)	(63,430)
(Charged) credited to consolidated statements of profit or loss and other comprehensive income for the period *(Note 13)*	(229)	1,143	914
At 31 December 2013	1,615	(64,131)	(62,516)
Credited to consolidated statements of profit or loss and other comprehensive income for the period *(Note 13)*	10	491	501
At 31 March 2014	1,625	(63,640)	(62,015)

21. INTANGIBLE ASSET

	Trademark
	HK$'000
COST	
At 21 May 2012 (date of incorporation) and 31 March 2013	–
Acquisition of subsidiaries *(Note 32)*	49,900
At 31 December 2013 and 31 March 2014	49,900
ACCUMULATED IMPAIRMENT	
At 21 May 2012 (date of incorporation), 31 March 2013, 31 December 2013 and 31 March 2014	–
CARRYING VALUES	
At 31 March 2013	–
At 31 December 2013	49,900
At 31 March 2014	49,900

The SPV acquired the trademark through the acquisition of FLM HK on 4 June 2013 as detailed in Note 32 to the Financial Information. The intangible assets represent a number of trademarks of "Fook Lam Moon" registered in Hong Kong, Macau and the People's Republic of China.

The trademarks have legal life ranging from 10 to 14 years but is renewable before the expiry date at minimal cost. The directors of the SPV are of the opinion that the SPV Group would renew the trademark continuously and has the ability to do so, therefore, the trademarks have no foreseeable limit to the period over which the trademarks are expected to generate net cash flows for the SPV Group.

As a result, the trademarks are considered by the management of the SPV as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely, and the trademarks will not be amortised. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in below.

The trademarks were valued by an independent qualified professional valuer not connected with the SPV Group, at a fair value of approximately HK$51,400,000 at 31 March 2014, HK$51,000,000 at 31 December 2013 and HK$49,900,000 at the acquisition date.

The fair value of trademarks is based on the relief-from-royalty method of valuation. The calculations use discounted cash flow projections based on financial estimates reviewed by management covering a three year period. Cash flows beyond the three year period are extrapolated using estimated growth rates appropriate for the market. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarised below.

- A pre-tax discount rate of 15%, 15% and 15% and royalty rate of 4%, 3.5% and 3.5% at the acquisition date, 31 December 2013 and 31 March 2014 respectively, was used in discounting the projected cash flows.

- Cash flows were projected based on the historical operating results and the three year forecasts.

- The terminal value is extrapolated using a constant long term growth rate of 3%, 3% and 3% at acquisition date, 31 December 2013 and 31 March 2014 respectively, which is consistent with the Hong Kong Consumer Price Index.

Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Management of the SPV believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of its indefinite lived intangible assets to exceed their recoverable amounts.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections.

22. INVENTORIES

	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
Food and beverages	–	24,159	22,613

23. TRADE AND OTHER RECEIVABLES

	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
Trade receivables	–	6,195	5,583
Deposits	–	1,095	15,962
Prepayments	–	228	241
	–	7,518	21,786

Generally, there was no credit period granted to customers as the business is mainly conducted in cash or by credit cards, except for certain well established, and corporate customers for which the credit period of 30 days are granted during the Relevant Periods.

The SPV Group does not hold any collateral over trade and other receivables.

The aged analysis of trade receivables presented based on invoice dates, which approximated the revenue recognition date, at the end of each of the reporting period is as follows:

	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
0 – 30 days	–	5,914	5,197
31 – 60 days	–	213	381
Over 60 days	–	68	5
	–	6,195	5,583

Before accepting any new corporate customers, the SPV Group based on the respective financial background to assess the potential customer's credit quality and defines credit limits by customer. Credit limits granted to customers are reviewed periodically.

The aged analysis of trade receivables which are past due but not impaired at the end of each of the reporting period is as follows:

	At 31 March 2013 *HK$'000*	At 31 December 2013 *HK$'000*	At 31 March 2014 *HK$'000*
1 – 30 days	–	213	381
31 – 60 days	–	23	5
Over 60 days	–	45	–
	–	281	386

The directors of the SPV believed that these amounts are still recoverable because there has not been a significant change in the credit quality. No impairment loss had been recognised during the Relevant Periods.

24. AMOUNT(S) DUE FROM THE HOLDING COMPANY/RELATED COMPANIES

The amount due from the holding company is non-trade in nature, unsecured, non-interest bearing and repayable on demand. The amounts due from related companies are trade in nature, unsecured, non-interest bearing and repayable on demand.

Particulars of amount due from the holding company/related companies are disclosed as follows:

	Relationship	**At 31 March 2013** *HK$'000*	**At 31 December 2013** *HK$'000*	**At 31 March 2014** *HK$'000*
Coqueen Company Limited ("**Coqueen**")	Holding company	19,966	–	–
Able Wind Limited ("**Able Wind**") *(Note i)*	Related company	–	149	380
Loyal Wealth Enterprise Limited ("**Loyal Wealth**") *(Note ii)*	Related company	–	120	–
Great Way Investing Co Limited ("**Great Way**") *(Note iii)*	Related company	–	–	15
Leading Win Development Limited ("**Leading Win**") *(Note iv)*	Related company	–	–	12
		–	269	407

Maximum amount outstanding during the periods in relation to amount(s) due from the holding company/related companies are as follows:

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Coqueen	19,966	19,966	–	–
Able Wind	–	2,137	–	380
Loyal Wealth	–	120	–	120
Great Way	–	–	–	15
Leading Win	–	–	–	12

Notes:

(i) The ultimate holding company of Able Wind and the SPV have a common director since 4 June 2013.

(ii) Loyal Wealth and the SPV have a common director since 4 June 2013.

(iii) The SPV and Great Way have a common holding company and directors since 20 February 2014.

(iv) The SPV and Leading Win have a common holding company and directors since 20 February 2014.

25. AMOUNTS DUE FROM (TO) A DIRECTOR(S)

The amounts are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Particulars of amount due from a director is disclosed as follows:

	At 31 March 2013	At 31 December 2013	At 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*
Mr. Chui Tak Keung, Duncan	–	3	3

Maximum amount outstanding during the periods in relation to amount from a director are as follows:

	At 31 March 2013	At 31 December 2013	At 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*
Mr. Chui Tak Keung, Duncan	–	3	3

26. BANK BALANCES AND CASH

The bank balances carry interest rates as follows:

	At 31 March 2013 *HK$'000*	At 31 December 2013 *HK$'000*	At 31 March 2014 *HK$'000*
Interest rate per annum	–	0%–0.01%	0%–0.01%

Included in bank balances and cash is the following amount denominated in a currency other than the functional currency of the entity to which it relates:

	At 31 March 2013 *HK$'000*	At 31 December 2013 *HK$'000*	At 31 March 2014 *HK$'000*
USD	–	8	8

27. TRADE AND OTHER PAYABLES

	At 31 March 2013 *HK$'000*	At 31 December 2013 *HK$'000*	At 31 March 2014 *HK$'000*
Trade payables *(Note b)*	–	3,604	5,073
Other payables and accruals	250	10,255	6,670
Earnest deposit received *(Note a)*	20,000	–	–
	20,250	13,859	11,743

Note:

(a) On 4 December 2012, Chinese Food and Beverage Group Limited (the "**Company**"), Rich Paragon Limited (the "**Subscriber**"), a wholly-owned subsidiary of the Company, Mr. Chui Pui Kun ("**CPK**") and Coqueen entered into a framework agreement (the "**Framework Agreement**") in respect of the incorporation of the SPV which will become a wholly-owned subsidiary of Coqueen, and the proposed investment in operations of FLM HK and FLM Kowloon by the Subscriber.

On 18 December 2012, the Company, the Subscriber, CPK, Coqueen, the SPV and Mr. Chui Tak Keung, Duncan ("**Duncan**") (collectively, the "**Parties**") entered into a convertible bonds subscription agreement (the "**CB Subscription Agreement**"), in which the Subscriber has conditionally agreed to subscribe for the convertible bonds issued by the SPV in the principal amount of HK$200 millions (the "**SPV Convertible Bonds**").

The CB Subscription Agreement superseded the Framework Agreement with effect from the date of the CB Subscription Agreement. During the period from 21 May 2012 (date of incorporation) to 31 March 2013, the refundable earnest deposit of HK$20,000,000 without interest bearing was paid by the Subscriber to the SPV as partial payment for the subscription of the SPV Convertible Bonds.

As detailed in Note 30 to the Financial Information, the Subscriber has acquired 10,000 SPV Convertible Bonds with a total principal amount approximately of HK$200,000,000 on 4 June 2013. The earnest deposit of HK$20,000,000 was utilised as the partial settlement of the consideration for the subscription of the SPV Convertible Bonds.

(b) The following is an aged analysis of trade payables presented based on the invoice date at the end of each of the reporting period:

	At 31 March 2013 *HK$'000*	At 31 December 2013 *HK$'000*	At 31 March 2013 *HK$'000*
0 – 30 days	–	3,594	5,061
31 – 60 days	–	10	12
	–	3,604	5,073

The average credit period on purchases of goods is 30 days during the Relevant Periods. The SPV Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

28. AMOUNT(S) DUE TO HOLDING COMPANY/RELATED COMPANIES

The amount due to the holding company is non-trade in nature, unsecured, non-interest bearing and repayable on demand. The amount due to related companies are trade in nature, unsecured, non-interest bearing and repayable on demand.

Particulars of amount(s) due to the holding company/related companies are disclosed as follows:

		At 31 March 2013 *HK$'000*	At 31 December 2013 *HK$'000*	At 31 March 2014 *HK$'000*
Coqueen	Holding company	–	27,240	19,903
Rich Paragon Limited *(Note i)*	Related company	–	3,617	4,571
Loyal Wealth *(Note ii)*	Related company	–	–	238
		–	3,617	4,809

Notes:

(i) Rich Paragon Limited and the SPV have a common director since 4 June 2013.

(ii) Loyal Wealth and the SPV have a common director since 4 June 2013.

29. BANK AND OTHER BORROWINGS

	At 31 March 2013	At 31 December 2013	At 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*
Secured bank borrowings *(Note b)*	–	35,000	55,333
SPV Shareholder Loan *(as defined in Note c)*	–	86,498	69,398
Loan from the holding company *(Note d)*	–	48,159	48,159
	–	169,657	172,890

At 31 December 2013

	Secured bank borrowings	SPV Shareholder Loan	Loan from the holding company	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amounts repayable:				
Within one year or on demand	35,000	–	–	35,000
More than one year, but not exceeding two years	–	–	–	–
More than two years but not more than five years	–	86,498	48,159	134,657
	35,000	86,498	48,159	169,657

At 31 March 2014

	Secured bank borrowings	SPV Shareholder Loan	Loan from the holding company	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amounts repayable:				
Within one year or on demand	55,333	–	–	55,333
More than one year, but not exceeding two years	–	–	–	–
More than two years, but not more than five years	–	69,398	48,159	117,557
	55,333	69,398	48,159	172,890

Notes:

a) All bank and other borrowings are denominated in HK$.

b) All the secured bank borrowings are variable-rate borrowings during the Relevant Periods. The effective interest rates (which are also equal to contracted interest rates) on the secured bank borrowings are as follows:

	At 31 March 2013 *HK$'000*	**At 31 December 2013** *HK$'000*	**At 31 March 2014** *HK$'000*
Secured bank borrowings	N/A	Floating rate – HIBOR (1 month) +1.875%	Floating rate – HIBOR (1 month) +1.875%
Revolving loan	N/A	N/A	Floating rate – HIBOR (1 month) +1.875%

The bank borrowings and revolving loan were secured by certain leasehold land and buildings of the SPV Group (Note 18).

c) According to the CB Subscription Agreement as detailed in Note 27 to the Financial Information, the Subscriber shall grant a loan to the SPV in the principal amount of not less than HK$80,000,000 and capped at not more than HK$135,000,000 (the "**SPV Shareholder Loan**"). The SPV Shareholder Loan was unsecured, carried interest at the prime lending rate as quoted by the Hongkong Shanghai Banking Corporation from time to time payable at the end of each year and the amount shall be repayable within 36 months after drawdown.

d) The loan from the holding company was unsecured, carried interest at the prime lending rate as quoted by the Hongkong Shanghai Banking Corporation from time to time payable at the end of each year and the amount shall be repayable within 36 months after drawdown.

e) The SPV Group has obtained banking facilities of approximately HK$Nil, HK$65,000,000 and HK$65,000,000 at 31 March 2013, 31 December 2013 and 31 March 2014 respectively, and the SPV Group has utilised of approximately HK$Nil, HK$35,000,000 and HK$55,333,000 at 31 March 2013, 31 December 2013 and 31 March 2014 respectively.

30. CONVERTIBLE BONDS

As detailed in Note 27 to the Financial Information, the SPV has entered into the CB Subscription Agreement with the Parties for issuing the SPV Convertible Bonds. The SPV has issued the SPV Convertible Bonds to the Subscriber on 4 June 2013. The earnest deposit of HK$20,000,000 was utilised as the partial settlement of the consideration for the subscription of the SPV Convertible Bonds during the nine months ended 31 December 2013. Pursuant to the CB Subscription Agreement, in the event that the SPV Convertible Bonds are converted in full at the conversion price of HK$20,000 per the SPV Conversion Share, a total of 10,000 SPV Conversion Shares will be issued, representing 50% of the issued share capital of the SPV as enlarged by the conversion. The detailed information has been published in the Company's circular dated 20 April 2013. On 30 September 2013, the exercise of the conversion rights attached to the SPV Convertible Bonds was resolved by the board of directors of the Company (the "**Conversion**"). Pursuant to the CB Subscription Agreement, a shareholders' agreement to be entered into between Coqueen and the Company in relation to the SPV shall be executed by Coqueen (or its subsidiary, following the SPV Restructuring (as defined in the announcement of the Company dated 18 October 2013) and Rich Paragon Limited forthwith upon the Conversion is completed in full. At 31 March 2014, the Conversion has not yet been completed.

The principal terms of the SPV Convertible Bonds are as follows:

Principle amount:	HK$200,000,000
Coupon rate:	0%
Conversion price:	HK$20,000 per SPV Conversion Share
Maturity date:	4 June 2016
Conversion period:	The period commencing from the date of issue of the SPV Convertible Bonds and ending on the date that falls on the fifth business day before the maturity date (both dates inclusive).
Conversion rights:	Each holder of the SPV Convertible Bonds shall have the right, exercisable during the conversion period to convert the whole or any part (in multiples of the denomination of HK$20,000) of the outstanding principal amount of the SPV Convertible Bonds held by such holders of the SPV Convertible Bonds into such number of the SPV Conversion Share as will be determined by dividing the principal amount of the SPV Convertible Bonds to be converted by the conversion price. No fraction of a SPV Conversion Share shall be issued on conversion and in lieu of the SPV shall pay a cash amount in HK$ equal to such principal amount of the SPV Convertible Bonds that is not converted.

The fair value of the liability component of the SPV Convertible Bonds has valued by the directors of the SPV with reference to the valuation report issued by an independent qualified professional valuer. The SPV Convertible Bonds contained the following components that are required to be separately accounted for:

(i) Liability component of the SPV Convertible Bonds represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at the date of issue with reference to the market rate for instruments of comparable credit status taking into account the credit risk of the Company. The effective interest rate of the liability component is 4.62%.

(ii) Equity component represents the difference between the gross proceeds of the issue of the SPV Convertible Bonds and the fair values assigned to the liability components.

The movement of the SPV Convertible Bonds for the period was set out below:

	Liability component	**Equity component**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 4 June 2013	174,620	25,380	200,000
Interest charge	4,600	–	4,600
At 31 December 2013	179,220	25,380	204,600
Interest charge	2,071	–	2,071
At 31 March 2014	181,291	25,380	206,671

None of the convertible bonds had been converted into ordinary shares of SPV during the Relevant Periods.

31. SHARE CAPITAL

	Number of shares	Amount	Equivalent to amount
		US$'000	*HK$'000*
Ordinary shares of US$1 each			
Authorised:			
At 21 May 2012 (date of incorporation), 31 March 2013, 31 December 2013 and 31 March 2014	50,000	50	390
Issued and fully paid:			
Issue of shares for incorporation *(Note)* and at 31 March 2013, 31 December 2013 and 31 March 2014	10,000	10	78

Note: On 17 December 2012, the SPV allotted 10,000 ordinary shares of US$1 each at par value to the then shareholder of the SPV as initial working capital.

32. ACQUISITION OF SUBSIDIARIES

Acquisition of 89.26% equity interests in FLM HK and 86% equity interests in FLM Kowloon, together with the related shareholders' loans and directors' current accounts:

On 4 June 2013, the SPV acquired i) 89.26% equity interests in FLM HK; ii) 86% equity interests in FLM Kowloon; iii) approximately HK$63,790,000 shareholder's loan in FLM HK; and iv) approximately HK$32,529,000 directors' current accounts in FLM Kowloon at a total consideration of approximately HK$445,810,000 from its holding company, Coqueen (the "**FLM Acquisition**"). Both FLM HK and FLM Kowloon are companies incorporated in Hong Kong with limited liability and are engaged in the operation of high-end Chinese restaurant business, serving Cantonese cuisine and provision of banquet catering services.

Consideration satisfied by:

	HK$'000
Cash paid for acquisition of 89.26% equity interests in FLM HK, representing 26,780 A shares and 26,780 B shares	259,921
Cash paid for acquisition of 86% equity interests in FLM Kowloon, representing 860 ordinary shares	89,570
Cash paid for the acquisition of shareholders' loan in FLM HK	63,790
Cash paid for the acquisition of directors' current accounts in FLM Kowloon	32,529
Total	445,810

Assets acquired and liabilities recognised at the date of the FLM Acquisition are as follows:

	FLM HK	FLM Kowloon	Total
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	297,459	217,612	515,071
Available-for-sale financial assets	1	–	1
Deferred tax asset	1,358	486	1,844
Intangible asset	49,900	–	49,900
Inventories	15,038	16,094	31,132
Trade and other receivables	4,911	2,125	7,036
Amount due from a director	7,007	–	7,007
Amount due from a related company	–	10,382	10,382
Bank balances and cash	36,020	6,759	42,779
Trade and other payables	(6,577)	(2,324)	(8,901)
Amounts due to directors	(72)	(37,816)	(37,888)
Amount due to a related company	(10,342)	–	(10,342)
Deferred tax liabilities	(32,957)	(32,317)	(65,274)
Bank borrowings	(7,670)	–	(7,670)
Shareholders' loans	(63,790)	–	(63,790)
Tax liabilities	(799)	(182)	(981)
Total identified net assets	289,487	180,819	470,306
Add: fair value of total debts assumed			96,319
Non-controlling interests			
– FLM HK			(31,062)
– FLM Kowloon			(25,315)
Nets assets acquired			510,248
Capital reserve arising on group restructuring			(64,438)
Total consideration			445,810

The receivables acquired, which principally comprised trade and other receivables, amount due from a shareholder/a related company with an aggregate fair value of approximately HK$24,425,000, approximated to their gross contractual amounts.

Net cash outflow arising on acquisition:

	HK$'000
Consideration paid in cash	445,810
Less: Bank balances and cash acquired	(42,779)
Net cash outflow arising on acquisition	403,031

Had the FLM Acquisition been completed on 1 April 2013, total group revenue for the period would have been approximately HK$114,642,000, and profit for the period would have been approximately HK$8,543,000. The pro forma information is for illustrative purposes only and is not necessary an indication of revenue and results of operations of the SPV Group that actually would have been achieved had the FLM Acquisition been completed on 1 April 2013, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the SPV Group had the FLM Acquisition been acquired at the beginning of the current period, the directors of the SPV have calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

33. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries *HK$'000*
At 21 May 2012 (date of incorporation) and 31 March 2013	–
Non-controlling interests arising on acquisition of subsidiaries *(Note 32)*	56,377
Share of profit and total comprehensive income for the period	1,793
At 31 December 2013	58,170
Share of profit and total comprehensive income for the period	1,064
At 31 March 2014	59,234

34. INVESTMENTS IN SUBSIDIARIES

a. General information of subsidiaries

Particulars of the subsidiaries at each of the Relevant Periods are as follow:

Name of subsidiaries	Place and date of incorporation	Class of shares held	Particulars of issued and fully paid up share capital	Proportion ownership interest held by the Company						Proportion of voting power held by the SPV			Principal activity
				Directly			Indirectly						
				At 31 March 2013	At 31 December 2013	At 31 March 2014	At 31 March 2013	At 31 December 2013	At 31 March 2014	At 31 March 2013	At 31 December 2013	At 31 March 2014	
FLM HK 福臨門酒家有限公司	Hong Kong 25 November 1975	26,780 Class A shares 26,780 Class B shares 6,440 Class C shares	60,000 shares of HK$600,000 with no par value *(Note)*	–	89.26%	89.26%	–	–	–	–	89.26%	89.26%	High-end Chinese restaurant business, serving Cantonese cuisine and provision of banquet catering services
FLM Kowloon 福臨門(九龍)酒家有限公司	Hong Kong 22 March 1977	Ordinary	1,000 shares of HK$1,000,000 with no par value *(Note)*	–	86.00%	86.00%	–	–	–	–	86.00%	86.00%	High-end Chinese restaurant business, serving Cantonese cuisine and provision of banquet catering ervices
Champion Tree Investment Limited ("CTI") 萬里寧投資有限公司	Hong Kong 28 February 1991	Ordinary	10,000 shares of HK$10,000 with no par value *(Note)*	–	–	–	–	86.00%	86.00%	–	86.00%	86.00%	Property investment

Note:

In accordance with the provisions of the new Hong Kong Companies Ordinance, Cap. 622, as from its commencement on 3 March 2014, the authorised share capital of a company and the par value of a company's shares were abolished.

b. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the SPV that have material non-controlling interests:

	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	At 31 December 2013	At 31 March 2014	From 4 June 2013 to 31 December 2013 HK$'000	Three months ended 31 March 2014 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
Name of subsidiaries						
FLM HK	10.74%	10.74%	1,391	734	32,453	33,187
FLM Kowloon and its subsidiary	14.00%	14.00%	402*	330*	25,717	26,047
			1,793	1,064	58,170	59,234

* The amounts presented above have been included the result of FLM Kowloon and its subsidiary, CTI.

Summarised financial information in respect of each of the SPV's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts before intragroup eliminations.

(i) FLM HK

	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
Current assets	36,616	58,786
Non-current assets	346,635	345,848
Current liabilities	(48,180)	(62,872)
Non-current liabilities	(32,629)	(32,488)
Equity attributable to the SPV	(269,989)	(276,087)
Non-controlling interests	(32,453)	(33,187)

	From 4 June 2013 to 31 December 2013	Three months ended 31 March 2014
	HK$'000	*HK$'000*
Total income	61,909	30,566
Total expenses	(48,953)	(23,733)
Profit and total comprehensive income for the period	12,956	6,833
Profit attributable to the SPV	11,565	6,099
Profit attributable to the non-controlling interests	1,391	734
Profit and total comprehensive income for the period	12,956	6,833
Net cash inflows from operating activities	16,125	1,435
Net cash outflow from investing activities	(337)	(30,603)
Net cash (outflow) inflow from financing activities	(36,515)	20,119
Net cash outflow	(20,727)	(9,049)

(ii) *FLM Kowloon and its subsidiary*

	At 31 December 2013	At 31 March 2014
	HK$'000	*HK$'000*
Current assets	18,977	11,824
Non-current assets	213,322	211,108
Current liabilities	(17,103)	(5,726)
Non-current liabilities	(31,502)	(31,152)
Equity attributable to owners of FLM Kowloon	(157,977)	(160,007)
Non-controlling interests	(25,717)	(26,047)

	From 4 June 2013 to 31 December 2013	Three months ended 31 March 2014
	HK$'000	*HK$'000*
Total income	31,166	15,494
Total expenses	(28,290)	(13,134)
Profit and total comprehensive income for the period	2,876	2,360
Profit attributable to owners of FLM Kowloon	2,474	2,030
Profit attributable to the non-controlling interests	402	330
Profit and total comprehensive income for the period	2,876	2,360
Net cash inflows from operating activities	26,173	5,202
Net cash outflow from investing activities	(524)	(6)
Net cash outflow from financing activities	(25,650)	(9,550)
Net cash outflow	(1)	(4,354)

35. RELATED PARTY TRANSACTIONS

The SPV Group had related party transactions for the Relevant Periods as follows:

(a) Key management compensation

The remuneration of the SPV's directors, which also represented the key management personnel of the SPV Group during the Relevant Periods were disclosed in Note 15 to the Financial Information.

(b) Transactions with related companies

	21 May 2012 (date of incorporation) to 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March	
			2013	2014
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Purchased from:				
– Loyal Wealth	–	619	–	152
Proceeds from sales of raw material to:				
– Loyal Wealth	–	120	–	–
– Able Wind	–	38	–	–
Charged to:				
– Able Wind	–	71	–	2
Loan to:				
– Able Wind	–	2,000	–	377

The directors of the SPV considered that the above related party transactions are priced in an arm's length negotiation.

(c) Others

	Notes	**21 May 2012 (date of incorporation) to 31 March 2013**	**Nine months ended 31 December 2013**	**Three months ended 31 March 2013**	**Three months ended 31 March 2014**
		HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
SPV Shareholder Loan *(Note)*	*29*				
– Proceeds during the periods		–	115,998	–	–
– Repayments during the periods		–	(43,700)	–	(17,100)
		–	72,298	–	(17,100)
Interest on SPV Shareholder Loan	*12*	–	2,964	–	954
Loan from the holding company	*29*				
– Proceeds during the periods		–	48,159	–	–
– Repayments during the periods		–	–	–	–
		–	72,298	–	(17,100)
Interest on loan from the holding company	*12*	–	1,392	–	954

Note: Yu Sau Lai is the common director of the SPV and the Subscriber.

36. MAJOR NON-CASH TRANSACTION

As detailed in Note 30 to the Financial Information, the Subscriber has acquired 10,000 SPV Convertible Bonds with a total principal amount approximately of HK$200,000,000 on 4 June 2013. The earnest deposit of HK$20,000,000 as mentioned in Note 27 to the Financial Information was utilised as the partial settlement of the consideration for the subscription of the SPV Convertible Bonds.

37. CAPITAL COMMITMENTS

The SPV Group had the following capital commitments at the end of each of the reporting period.

	At 31 March 2013 *HK$'000*	At 31 December 2013 *HK$'000*	At 31 March 2014 *HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial information	–	–	104

38. OPERATING LEASE COMMITMENTS

At the end of each of the reporting period, the SPV Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 March 2013 *HK$'000*	At 31 December 2013 *HK$'000*	At 31 March 2014 *HK$'000*
Within one year	–	40	40
In the second to fifth years inclusive	–	78	68
	–	118	108

Operating lease payments represent rentals payable by the SPV Group for certain of its office equipment. Leases are negotiated for Nil, 2 to 5 years and 2 to 5 years at 31 March 2013, 31 December 2013 and 31 March 2014 respectively, and no arrangements have been entered into for contingent rental payments.

II. EVENTS AFTER THE END OF RELEVANT PERIODS

(a) On 22 November 2013 and 31 March 2014, the Company has obtained a term loan facility for an amount of HK$300,000,000 from an independent third party (the "**Term Loan**"). On April 2014, the SPV has provided a corporate guarantee and has pledged its shareholding in FLM HK and FLM Kowloon for the Term Loan.

(b) In August 2014, the SPV Group has obtained a loan facility to the extent of HK$150,000,000 from a financial institution (the "**Loan Facility**") so as to provide financial support of up to HK$40,000,000 to the Group. The Loan Facility is secured by property held by CTI and guaranteed by one of its directors, FLM HK and the SPV.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the SPV Group and its subsidiaries in respect of any period subsequent to 31 March 2014 up to the date of this report. No dividend or distribution has been declared or made by any companies comprising the SPV Group in respect of any period subsequent to 31 March 2014.

Yours faithfully,

ZHONGLEI (HK) CPA Company Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256
Hong Kong

Suites 313-316, 3/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

A. ACCOUNTANCY REPORT ON FOOK LAM MOON RESTAURANT LIMITED

中磊（香港）會計師事務所有限公司
ZHONGLEI (HK) CPA Company Limited

29 August 2014

The Board of Directors
Chinese Food and Beverage Group Limited
4/F. Phase 1
Kaiser Estate
41 Man Yue Street
Hunghom
Kowloon, Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "**Financial Information**") of Fook Lam Moon Restaurant Limited (the "**Target A**") which comprises the statements of financial position of the Target A as at 31 March 2012, 31 March 2013, 31 December 2013 and 31 March 2014 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target A for the years ended 31 March 2012 and 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2014 (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 Target A for inclusion in the circular issued by Chinese Food and Beverage Group Limited (the "**Company**") dated 29 August 2014 (the "**Circular**") in connection with the proposed exercise of conversion rights attached to convertible bonds in the principal amount of HK$200,000,000 issued by Professional Guide Enterprise Limited, details of which is set out in the Circular.

The Target A is a limited liability company incorporated in Hong Kong on 25 November 1975. The addresses of the registered office and principal place of business of the Target A is located at G/F., Shop 3, 1/F. to 3/F., Newman House, 35-45 Johnston Road, Wanchai, Hong Kong. The Target A is engaged in the operation of high-end Chinese restaurant business, serving Cantonese cuisine and provision of banquet catering services.

During the Relevant Periods, the reporting period end date of the Target A was changed from 31 March to 31 December with effect from the financial period ended 31 December 2013 so as to align with the norm of financial year end date in the market.

The statutory financial statements of the Target A which have been prepared in accordance with the relevant accounting principles and financial regulations applicable to companies incorporated or established in Hong Kong were audited by the following certified public accountants registered in Hong Kong:

Financial year	Name of auditors
Year ended 31 March 2012	Leung & Puen CPA Limited
Year ended 31 March 2013 and nine months ended 31 December 2013	ZHONGLEI (HK) CPA Company Limited

For the purpose of the preparation of this report, the directors of the Target A have prepared the financial statements of the Target A for the Relevant Periods (the "**Underlying Financial Statements**") in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). We have carried out an independent audit on the Underlying Financial Statements for the Relevant Periods in accordance with Hong Kong Standards on Auditing ("**HKSA**") issued by the HKICPA and examined the Underlying Financial Statements for the Relevant Periods in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements. No adjustments have been made by us to the Underlying Financial Statements for the Relevant Periods in preparing our report for inclusion in the Circular.

The preparation of the Underlying Financial Statements are the responsibility of the directors of the Target A. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together gives, for the purpose of this report, a true and fair view of the state of affairs of the Target A as at 31 March 2012, 31 March 2013, 31 December 2013 and 31 March 2014, and of the Target A's results and cash flows for each of the years ended 31 March 2012 and 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2014.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 2 to the Financial Information below, which indicate that as at 31 March 2014, the Target A have net current liabilities of approximately HK$4,086,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Target A's ability to continue as a going concern.

Comparative Financial Information

The unaudited comparative statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows of the Target A for the three months ended 31 March 2013 together with the notes thereon have been prepared based on the unaudited financial information of the Target A for the same period (the "**31 March 2013 Financial Information**") which was prepared by the directors of the Target A solely for the purpose of this report. We have reviewed the 31 March 2013 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 31 March 2013 Financial Information consists of making enquiries, 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 HKSA 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 on the 31 March 2013 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 March 2013 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

(I) FINANCIAL INFORMATION OF THE TARGET A

The following is the financial information (the "**Financial Information**") of Fook Lam Moon Restaurant Limited (the "**Target A**") prepared by the directors of the Target A as at 31 March 2012, 31 March 2013, 31 December 2013 and 31 March 2014 and for each of the years ended 31 March 2012 and 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2013 and 31 March 2014 (the "**Relevant Periods**").

Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
		2012	2013	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Turnover	*9*	119,900	116,058	77,162	31,985	29,387
Cost of sales		(46,753)	(44,496)	(28,087)	(12,159)	(10,777)
Gross profit		73,147	71,562	49,075	19,826	18,610
Other income	*11*	4,235	2,281	1,847	573	1,179
Operating and administrative expenses		(45,873)	(43,233)	(31,404)	(11,028)	(11,449)
Finance costs	*12*	(87)	(92)	(58)	(22)	(214)
Profit before tax		31,422	30,518	19,460	9,349	8,126
Income tax expense	*13*	(5,606)	(5,568)	(3,594)	(1,786)	(1,415)
Profit and total comprehensive income for the year/period	*14*	25,816	24,950	15,866	7,563	6,711
Dividends	*17*	10,000	22,000	–	–	–

Statements of Financial Position

		At 31 March		At 31 December	At 31 March
		2012	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*18*	103,333	98,406	95,750	94,951
Available-for-sale financial assets	*19*	1	1	1	1
Deferred tax assets	*20*	1,212	1,362	1,288	1,320
		104,546	99,769	97,039	96,272
CURRENT ASSETS					
Inventories	*21*	26,428	15,369	15,970	15,576
Trade and other receivables	*22*	4,473	6,505	5,086	4,765
Loan receivable from an immediate holding company	*23*	–	–	–	30,500
Amount due from an immediate holding company	*24*	–	–	–	125
Amount due from a director	*24*	–	6,936	–	–
Amounts due from related companies	*24*	47	–	267	945
Tax recoverable		–	–	–	631
Bank balances and cash	*25*	22,399	22,684	15,293	6,244
		53,347	51,494	36,616	58,786
CURRENT LIABILITIES					
Trade and other payables	*26*	9,533	7,842	8,240	7,203
Amounts due to directors	*27*	121	–	250	250
Amounts due to related companies	*27*	–	454	1,104	86
Bank and other borrowings	*28*	80,621	73,292	35,000	55,333
Tax liabilities		959	66	3,586	–
		91,234	81,654	48,180	62,872
NET CURRENT LIABILITIES		(37,887)	(30,160)	(11,564)	(4,086)
NET ASSETS		66,659	69,609	85,475	92,186
CAPITAL AND RESERVE					
Share capital	*29*	600	600	600	600
Retained earnings		66,059	69,009	84,875	91,586
TOTAL EQUITY		66,659	69,609	85,475	92,186

Statements of Changes in Equity

	Share capital	**Retained earnings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2011	600	50,243	50,843
Profit and total comprehensive income for the year	–	25,816	25,816
Interim dividend *(Note 17)*	–	(10,000)	(10,000)
At 31 March 2012	600	66,059	66,659
Profit and total comprehensive income for the year	–	24,950	24,950
Interim dividend *(Note 17)*	–	(22,000)	(22,000)
At 31 March 2013	600	69,009	69,609
Profit and total comprehensive income for the period	–	15,866	15,866
At 31 December 2013	600	84,875	85,475
Profit and total comprehensive income for three months	–	6,711	6,711
At 31 March 2014	600	91,586	92,186

For the three months ended 31 March 2013 (Unaudited)

	Share capital	**Retained earnings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2013	600	61,446	62,046
Profit and total comprehensive income for the period	–	7,563	7,563
At 31 March 2013	600	69,009	69,609

Statements of Cash Flows

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
OPERATING ACTIVITIES					
Profit before tax	31,422	30,518	19,460	9,349	8,126
Adjustments for:					
Bank interest income	(9)	(75)	(25)	(2)	–
Loan interest income	–	–	–	–	(125)
Finance costs	87	92	58	22	214
Dividend income from unlisted investment	(750)	–	–	–	–
Depreciation of property, plant and equipment	6,103	4,371	3,018	1,064	902
Provision (reversal) of long service payment	155	55	(108)	13	15
Loss on written-off of property, plant and equipment	7	1,028	2	1,006	–
Operating cash flows before movements in working capital	37,015	35,989	22,405	11,452	9,132
(Increase) decrease in inventories	(13,369)	11,059	(601)	(297)	394
Decrease (increase) in trade and other receivables	2,067	(2,032)	1,419	(564)	321
Increase in amount due from related companies	–	–	(267)	–	(678)
(Increase) decrease in amount due from a director	–	(7,057)	–	71	–
Increase (decrease) in trade and other payables	1,792	(1,746)	506	(547)	(1,052)
Increase in amounts due to directors	67	–	7,186	–	–
(Decrease) increase in amounts due to related companies	(496)	501	650	469	(1,018)
Cash generated from (used in) operations	27,076	36,714	31,298	10,584	7,099
Income tax paid	(5,175)	(6,611)	–	(6,611)	(5,664)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	21,901	30,103	31,298	3,973	1,435

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
INVESTING ACTIVITIES					
Loan to related company	–	–	(2,000)	–	–
Loan to an immediate holding company	–	–	–	–	(30,500)
Repayment received from loan to related company	–	–	2,000	–	–
Purchase of property, plant and equipment	(545)	(472)	(364)	(183)	(103)
Dividend received from unlisted investment	750	–	–	–	–
Bank interest received	9	75	25	2	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	214	(397)	(339)	(181)	(30,603)
FINANCING ACTIVITIES					
Repayment of bank borrowings	(787)	(786)	(7,867)	(197)	(1,667)
Repayment of directors' loans	(6,542)	(6,543)	(65,425)	(1,635)	–
Proceed from bank borrowings	–	–	35,000	–	–
Proceed from revolving borrowings	–	–	–	–	22,000
Dividend paid	(10,000)	(22,000)	–	–	–
Interest paid	(87)	(92)	(58)	(22)	(214)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(17,416)	(29,421)	(38,350)	(1,854)	20,119
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,699	285	(7,391)	1,938	(9,049)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	17,700	22,399	22,684	20,746	15,293
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD					
Represented by bank balances and cash	22,399	22,684	15,293	22,684	6,244

Notes to the Financial Information

1. GENERAL

Fook Lam Moon Restaurant Limited (the "**Target A**") is a limited liability company incorporated in Hong Kong. After the group reorganisation on 4 June 2013, Professional Guide Enterprise Limited, a company incorporated in British Virgin Islands with limited liability and Coqueen Company Limited, a company incorporated in Hong Kong with limited liability became the immediate holding company and the ultimate holding company of the Target A respectively.

The addresses of the registered office and principal place of business of Target A is G/F., Shop 3, 1/F. to 3/F., Newman House, 35-45 Johnston Road, Wanchai, Hong Kong.

The Target A is engaged in the operation of high-end Chinese restaurant business, serving Cantonese cuisine and provision of banquet catering services.

The Financial Information is presented in Hong Kong Dollars ("**HK$**"), which is also the functional currency of the Target A.

2. BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

As at 31 March 2014, the Target A had net current liabilities of approximately HK$4,086,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Target A's ability to continue as a going concern. Therefore, the Target A may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Financial Information have been prepared on a going concern basis, the validity of which depends upon the financial support of its immediate holding company, at a level sufficient to finance the working capital requirements of the Target A. The immediate holding company of the Target A has agreed to provide adequate funds for the Target A to meet its liabilities as they fall due. The directors of the Target A are therefore of the opinion that it is appropriate to prepare the Financial Information on a going concern basis. Should the Target A be unable to continue as a going concern, adjustments would have to be made to the Financial Information to adjust the value of the Target A's assets to their recoverable amounts, to reclassify the non-current assets as current assets, and to provide for any further liabilities which might arise.

3. CHANGE OF FINANCIAL YEAR END DATE

During the Relevant Periods, the reporting period end date of the Target A was changed from 31 March to 31 December with effect from the financial period ended 31 December 2013 so as to align with the norm of financial year end date in the market. Accordingly, the Financial Information for the period covers the nine-month period from 1 April 2013 to 31 December 2013. The corresponding comparative amounts shown for the statements of profit or loss and other comprehensive income, the statements of changes in equity, the statements of cash flows and related notes covered a twelve-month period from 1 April 2012 to 31 March 2013/1 April 2011 to 31 March 2012 and therefore may not be comparable with amounts shown for the period for the nine months ended 31 December 2013.

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Target A has adopted all the HKFRSs and HKASs issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Target A's financial period beginning on 1 January 2014 consistently throughout the Relevant Periods.

At the date of this report, the following new and revised HKFRSs and HKASs have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements HKFRSs 2010 – 2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements HKFRSs 2011 – 2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[3]
HKFRS 9	Financial Instruments[3]
HKFRS14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC*) – Int 21	Levies[1]

* *IFRIC represents the International Financial Reporting Interpretation Committee*

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The *Annual Improvements to HKFRSs 2010-2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Target A do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2010-2012 Cycle* will have a material effect on the Target A's Financial Information.

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of the Target A of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Target A do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011-2013 Cycle* will have a material effect on the Target A's Financial Information.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of *HKAS 39 Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Target A anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Target A's financial assets and financial liabilities. Regarding the Target A's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The directors of the Target A do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Target A's Financial Information as the Target A does not have any financial assets and financial liabilities that qualify for offset.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Target A do not anticipate that the investment entities amendments will have any effect on the Target A's Financial Information as the Target A is not an investment entity.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("**CGU**") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Target A do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Target A's Financial Information.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA with the applicable disclosures provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). For the purpose of the Financial Information, the Target A has adopted, at the beginning of the Relevant Periods, all new and revised HKFRSs applicable to the Relevant Periods.

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target A takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

Revenue from sale of goods is recognised when goods are delivered and title has been passed, at which time all the following conditions are satisfied:

- the Target A has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Target A retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Target A; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from restaurant operation is recognised when the catering services are provided.

Cash tips income is recognised when services are rendered and tips are received.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Target A and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Target A and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on tangible assets

At the end of the reporting period, the Target A reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Target A estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Target A as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Target A assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Target A, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Borrowings

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

Borrowings are classified as current liabilities unless the Target A has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready to their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

Payments to the defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme (the "**MPF Scheme**") are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before tax" as reported in the statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target A's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the relevant reporting period.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target A expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in profit or loss and other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in profit or loss and other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

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

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Target A becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss

Financial assets

Financial assets are classified into one of the two categories, including loans and receivables and available-for-sale ("**AFS**") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivable from an immediate holding company, amount(s) due from an immediate holding company/a director/related companies and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified accumulated impairment losses (see accounting policy of impairment loss on financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. The Target A designated unlisted equity investments as AFS financial assets on initial recognition of those items.

Dividends on AFS equity instruments are recognised in profit or loss when the Target A's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified accumulated impairment losses at the end of each reporting period (see accounting policy in respect of impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an AFS equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target A's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Target A are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target A after deducting all of its liabilities. Equity instruments issued by the Target A are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables, amount(s) due to directors/related companies and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Target A derecognises a financial asset only when the contractual rights to the cash flows from the asset expired, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Target A neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target A continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If Target A retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target A continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Target A allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Target A derecognises financial liabilities when, and only when, the Target A's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target A's accounting policies, which are described in Note 5 to the Financial Information, the directors of the Target A are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgment in applying the entity's accounting policies

The following is the critical judgment, apart from those involving estimations, the directors of the Target A have made in the process of applying the Target A's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Going concern and liquidity

The Financial Information have been prepared on a going concern basis, the validity of which depends upon the financial support of the immediate holding company, at a level sufficient to finance the working capital requirements of the Target A. The immediate holding company has agreed to provide adequate funds for the Target A to meet its liabilities in full as they fall due. Details are explained in Note 2 to the Financial Information.

Key sources of estimation uncertainty

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Target A assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year/period and the estimate will be changed in the future period.

Impairment loss recognised in respect of trade receivables

The Target A performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. Credit losses have historically been within the Target A's expectations and the Target A will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. At 31 March 2014, the carrying amount of trade receivables was approximately HK$3,942,000 (31 December 2013: HK$4,082,000, 31 March 2013: HK$5,646,000, 31 March 2012: HK$3,836,000). No impairment loss has been recognised during the Relevant Periods.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are calculated using the first-in, first-out method. Net realisable value represented the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

Income taxes

The Target A is subject to income taxes in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. A deferred tax asset of approximately HK$1,212,000, HK$1,362,000, HK$1,288,000, HK$1,320,000 at 31 March 2012, 31 March 2013, 31 December 2013 and 31 March 2014 respectively, in relation to the deductible temporary difference has been recognised in the Target A's statements of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

7. CAPITAL RISK MANAGEMENT

The Target A manages its capital to ensure that the Target A will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target A's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target A consists of net bank balances and cash and equity attributable to owner of the Target A, comprising issued share capital and retained earnings.

The directors of the Target A review the capital structure on a regular basis. As part of this review, the directors of the Target A consider the cost of capital and risk associates with each class of capital. Based on recommendations of the directors of the Target A, the Target A will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

8. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 March 2012 HK$'000	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
Financial assets				
AFS financial assets	1	1	1	1
Loan and receivables				
– Trade and other receivables	4,396	6,427	4,870	4,596
– Loan receivable from an immediate holding company	–	–	–	30,500
– Amount due from an immediate holding company	–	–	–	125
– Amount due from a director	–	6,936	–	–
– Amounts due from related companies	47	–	267	945
– Bank balances and cash	22,399	22,684	15,293	6,244
	26,842	36,047	20,430	42,410
	26,843	36,048	20,431	42,411
Financial liabilities				
Trade and other payables	9,533	7,842	8,240	7,203
Amounts due to directors	121	–	250	250
Amounts due to related companies	–	454	1,104	86
Bank and other borrowings	80,621	73,292	35,000	55,333
	90,275	81,588	44,594	62,872

b. Financial risk management objectives and policies

The Target A's major financial instruments include AFS financial assets, trade and other receivables, loan receivable from an immediate holding company, amount(s) due from (to) directors/an immediate holding company/a former director/related companies, bank balances and cash, trade and other payables and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Currency risk of the Target A is minimal as most of the Target A's transactions are carried out in the respective functional currencies of the Target A.

(ii) Interest rate risk

The Target A's exposure to market risk for changes in interest rates mainly arises from bank borrowings. Bank borrowings arranged at variable rates expose the Target A to cash flow interest rate risk. At 31 March 2014, 100% (31 December 2013: 100%, 31 March 2013: 100% and 31 March 2012: 100%) of the bank borrowings bore interest at floating rates. The interest rate and repayment terms of the bank borrowings outstanding at year end are disclosed in Note 28 to the Financial Information.

The Target A is exposed to cash flow interest rate risk in relation to its variable rate bank balances and bank deposits. The Target A considered that the effect of the cash flow interest rate risk is minimal and no sensitivity analysis to interest rate risk is presented.

The Target A is also exposed to cash flow interest rate risk in relation to its variable rate bank balances and bank and other borrowings.

At 31 March 2014, if interest rates had been 50 basis points (31 December 2013 and 31 March 2013 and 31 March 2012: 50 basis points) higher/lower and all other variables were held constant, the effect to the Target A's post-tax profit for the Relevant Periods are as follows:

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March
	2012	**2013**	**2013**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
(Decrease) increase by approximately	429,000	400,000	157,000	64,000

Credit risk

At 31 March 2014, the Target A's maximum exposure to credit risk which will cause a financial loss to the Target A due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statements of financial position.

In order to minimise the credit risk, the management of the Target A has delegated a team which is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Target A reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Target A consider that the Target A's credit risk is significantly reduced.

Most of the trade receivables are due within 30 day from the date of billing. Normally, the Target A does not obtain collateral from customers.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Target A does not have any other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, the directors of the Target A monitor and maintain a level of bank balance and cash deemed adequate to finance the Target A's operation, investment opportunity and mitigate the effects of fluctuations in cash flows. The Target A's directors monitor the utilisation of bank borrowings and ensures compliance with loan covenants. Details of the bank and other borrowings are disclosed in Note 27 to the Financial Information.

As at 31 March 2014, the Target A is exposed to liquidity risk as the Target A has net current liabilities of approximately HK$4,086,000. The liquidity of the Target A primarily depends on its ability to obtain financial support continuously from its immediate holding company. The adoption of the going concern basis has been detailed in Note 2 to the Financial Information. In the opinion of the directors of the Target A, the Target A's exposure to liquidity is limited.

The following table details the Target A's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target A can be required to pay. The table includes both interest and principal cash flows. The maturity dates for non-derivative financial liabilities are based on the agreed repayment date. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate as at the end of each of the Relevant Periods.

	Weighted average interest rate	Undiscounted cash flows due within one year or on demand	Carrying amount
		HK$'000	*HK$'000*
At 31 March 2012			
Trade and other payables	–	9,533	9,533
Amount due to a director	–	121	121
Other borrowings	–	71,968	71,968
Bank borrowings	1.01%	8,740	8,653
		90,362	90,275

	Weighted average interest rate	Undiscounted cash flows due within one year or on demand	Carrying amount
		HK$'000	*HK$'000*
At 31 March 2013			
Trade and other payables	–	7,842	7,842
Amount due to a related company	–	454	454
Other borrowings	–	65,425	65,425
Bank borrowings	1.11%	7,954	7,867
		81,675	81,588

	Weighted average interest rate	Undiscounted cash flows due within one year or on demand	Carrying amount
		HK$'000	*HK$'000*
At 31 December 2013			
Trade and other payables	–	8,240	8,240
Amounts due to directors	–	250	250
Amount due to a related company	–	1,104	1,104
Bank borrowings	2.09%	35,731	35,000
		45,325	44,594

	Weighted average interest rate	Undiscounted cash flows due within one year or on demand	Carrying amount
		HK$'000	*HK$'000*
At 31 March 2014			
Trade and other payables	–	7,203	7,203
Amounts due to directors	–	250	250
Amount due to a related company	–	86	86
Bank borrowings	2.08%	34,026	33,333
Revolving loan	2.28%	22,501	22,000
		64,066	62,872

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rate are different to those estimates if interest rates are determined at the end of the Relevant Periods.

Included in interest-bearing bank borrowings with an aggregate principal amounting to HK$33,332,845 (31 December 2013: HK$35,000,000, 31 March 2013: HK$7,866,666, 31 March 2012: HK$8,653,333) of which respective loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call the loans at any time and therefore for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors of the Target A do not believe that these loans will be called in their entirely within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the respective loan agreements. This evaluation was made considering: the financial position of the Target A at the date of approval of the Financial Information; the Target A's compliance with the loan covenants; the lack of events of default, and the fact that the Target A has made all previously scheduled repayments on time.

c. Fair value measurement of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

9. TURNOVER

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	**2013**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Chinese restaurant operation	119,900	116,058	77,162	31,985	29,387

10. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the board of directors of the Target A, being the chief operating decision maker for the purposes of allocation of resources to, and assessing the performance of, the Target A's various lines of business and geographical locations.

The Target A has only one operating and reportable segment, represented the operation of Chinese restaurant, for the Relevant Periods. Since this is the only one operating and reportable segment of the Target A, no further analysis thereof is presented. All the revenue of the Target A are generated from the operation of Chinese restaurant for the Relevant Periods.

Geographical information

The Target A's operations take place in Hong Kong. All the revenue from external customer of the Target A are generated from customers located in Hong Kong. All the non-current assets of the Target A are located in Hong Kong.

Information about major customers

There was no single customer contributing over 10% of total turnover of the Target A during the Relevant Periods.

11. OTHER INCOME

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Cash tips	2,357	2,031	1,154	564	472
Dividend income from unlisted investment	750	–	–	–	–
Bank interest income	9	75	25	2	–
Damage claim	326	–	–	–	–
Electricity company subsidy	771	–	–	–	–
Gain on sales of raw material	–	151	–	–	–
Sales of seasonal goods	–	–	158	–	477
Loan interest income from an immediate holding company	–	–	–	–	125
Sundry income	22	24	510	7	105
	4,235	2,281	1,847	573	1,179

12. FINANCE COSTS

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interests on bank borrowings wholly repayable within five years	87	92	58	22	214

13. INCOME TAX EXPENSE

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Current tax					
– Hong Kong	5,861	5,719	3,542	1,824	1,447
Under (over) provision in prior years	1	(1)	–	–	–
Effect of tax reduction	–	–	(22)	–	–
Deferred tax *(Note 20)*	(256)	(150)	74	(38)	(32)
Income tax expenses for the year/period	5,606	5,568	3,594	1,786	1,415

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Relevant Periods.

The income tax expense for the year/period can be reconciled to the profit before tax per the statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit before tax	31,422	30,518	19,460	9,349	8,126
Tax at the domestic income tax rate of 16.5%	5,185	5,035	3,211	1,542	1,340
Tax effect of income not taxable for tax purpose	(125)	(12)	(22)	–	–
Tax effect of expenses not deductible for tax purpose	547	546	427	244	75
Effect of tax reduction	–	–	(22)	–	–
Others	(2)	–	–	–	–
Under (over) provision in prior years	1	(1)	–	–	–
Income tax expense	5,606	5,568	3,594	1,786	1,415

14. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit for the year/period has been arrived at after (crediting) charging:					
Directors' and chief executives' emoluments *(Note 15)*	4,432	3,917	2,696	1,316	758
Other staff costs					
– Salaries and other allowances	22,737	22,141	17,355	4,694	6,146
– Provision (reversal) of long service payments	155	55	(108)	13	15
– Retirement benefits scheme contributions	848	981	792	308	386
Total staff costs	28,172	27,094	20,735	6,331	7,305
Auditor's remuneration					
– Annual audit service	70	60	63	60	–
– Other audit service	–	–	5	–	–
Depreciation of property, plant and equipment	6,103	4,371	3,018	1,064	902
Loss on written-off of property, plant and equipment	7	1,028	2	1,006	–
Inventories cost recognised as expenses	46,753	44,496	28,087	12,159	10,777
Minimum lease payments under operating lease in respect of office equipment	16	16	16	4	5

15. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

The emoluments paid or payable to the directors of Target A during the Relevant Periods were as follows:

	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2012					
Mr. Chui Pui Kun	–	1,716	–	–	1,716
Mr. Chui Wai Kwan *(Note a)*	–	1,716	–	12	1,728
Mr. Chui Tak Yiu *(Note b)*	10	388	130	12	540
Mr. Chui Tak Keung, Duncan	10	–	–	–	10
Ms. Chui Chan Oi Lin, Eileen	10	–	–	–	10
Ms. Tsui Yau Hing	10	408	–	–	418
Ms. Hui Jia Yin, Janet *(Note b)*	10	–	–	–	10
	50	4,228	130	24	4,432
For the year ended 31 March 2013					
Mr. Chui Pui Kun	–	1,716	–	–	1,716
Mr. Chui Wai Kwan *(Note a)*	–	1,227	–	11	1,238
Mr. Chui Tak Yiu *(Note b)*	10	338	–	12	360
Mr. Chui Tak Keung, Duncan	10	286	–	5	301
Ms. Chui Chan Oi Lin, Eileen	10	–	–	–	10
Ms. Tsui Yau Hing	10	272	–	–	282
Ms. Hui Jia Yin, Janet *(Note b)*	10	–	–	–	10
	50	3,839	–	28	3,917

The emoluments paid or payable to the Target A's directors during the Relevant Periods were as follows:

	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the nine months ended 31 December 2013					
Mr. Chui Pui Kun	–	1,115	100	–	1,215
Mr. Chui Tak Yiu *(Note b)*	–	–	–	–	–
Mr. Chui Tak Keung, Duncan	–	1,035	80	11	1,126
Ms. Chui Chan Oi Lin, Eileen	–	80	20	–	100
Ms. Tsui Yau Hing	–	–	–	–	–
Ms. Hui Jia Yin, Janet *(Note b)*	–	–	–	–	–
Ms. Yu Sau Lai *(Note c)*	–	–	–	–	–
Ms. Chui Shuk Wah, Janet (Alternate director of Mr. Chui Tak Keung, Duncan) *(Note d)*	–	200	50	5	255
	–	2,430	250	16	2,696
For the three months ended 31 March 2013 (Unaudited)					
Mr. Chui Pui Kun	–	429	–	–	429
Mr. Chui Wai Kwan *(Note a)*	–	–	–	–	–
Mr. Chui Tak Yiu *(Note b)*	2	340	–	3	345
Mr. Chui Tak Keung, Duncan	2	427	–	5	434
Ms. Chui Chan Oi Lin, Eileen	2	–	–	–	2
Ms. Tsui Yau Hing	2	102	–	–	104
Ms. Hui Jia Yin, Janet *(Note b)*	2	–	–	–	2
	10	1,298	–	8	1,316
For the three months ended 31 March 2014					
Mr. Chui Pui Kun	–	300	–	–	300
Mr. Chui Tak Keung, Duncan	–	240	–	4	244
Ms. Chui Chan Oi Lin, Eileen	–	60	–	–	60
Ms. Tsui Yau Hing	–	–	–	–	–
Ms. Yu Sau Lai *(Note c)*	–	–	–	–	–
Ms. Chui Shuk Wah, Janet (Alternate director of Mr. Chui Tak Keung, Duncan) *(Note d)*	–	150	–	4	154
	–	750	–	8	758

Notes:

(a) Resigned on 19 January 2013

(b) Resigned on 4 June 2013

(c) Appointed on 4 June 2013

(d) Appointed on 13 June 2013

The discretionary bonus was determined with reference to the operating results and individual performance of the Target A for the Relevant Periods.

No emoluments were paid by the Target A to the directors or chief executive of Target A as an inducement to join, or upon joining the Target A, or as compensation for loss of office and neither the chief executive nor any of the directors waived any emoluments during the Relevant Periods. Apart from the directors of the Target A, the Target A has not classified any other persons as chief executives during the Relevant Periods.

16. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Target A during the years ended 31 March 2012 and 31 March 2013, the nine months ended 31 December 2013 and the three months ended 31 March 2013 and 31 March 2014 included two, two, two, one and two were directors of the Target A respectively, whose emoluments are disclosed in Note 15 above. The emoluments of the remaining three, three, three, four and three individuals respectively during the years ended 31 March 2012 and 2013, the nine months ended 31 December 2013 and the three months ended 31 March 2013 and 31 March 2014 were as follows:

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	**2013**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Salaries and other allowances	1,995	1,962	1,167	486	437
Retirement benefits scheme contributions	61	71	56	22	17
	2,056	2,033	1,223	508	454

Their emoluments were within the following bands:

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	**2013**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Nil to HK$1,000,000	3	3	3	4	3

17. DIVIDENDS

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Dividends recognised as distribution during the year/period:					
First interim	6,000	10,000	–	–	–
Second interim	4,000	12,000	–	–	–
	10,000	22,000	–	–	–

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
				(Unaudited)	
Dividend per share:					
First interim	HK$100	HK$167	–	–	–
Second interim	HK$67	HK$200	–	–	–

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvement and furniture and fixtures HK$'000	Total HK$'000
COST				
At 1 April 2011	57,263	57,263	49,601	164,127
Additions	–	–	545	545
Written-off	–	–	(443)	(443)
At 31 March 2012	57,263	57,263	49,703	164,229
Additions	–	–	472	472
Written-off	–	–	(2,289)	(2,289)
At 31 March 2013	57,263	57,263	47,886	162,412
Additions	–	–	364	364
Written-off	–	–	(6)	(6)
At 31 December 2013	57,263	57,263	48,244	162,770
Additions	–	–	103	103
At 31 March 2014	57,263	57,263	48,347	162,873
ACCUMULATED DEPRECIATION				
At 1 April 2011	1,611	9,209	44,409	55,229
Provided for the year	476	2,855	2,772	6,103
Eliminated on written-off	–	–	(436)	(436)
At 31 March 2012	2,087	12,064	46,745	60,896
Provided for the year	476	2,855	1,040	4,371
Eliminated on written-off	–	–	(1,261)	(1,261)
At 31 March 2013	2,563	14,919	46,524	64,006
Provided for the period	356	2,141	521	3,018
Eliminated on written-off	–	–	(4)	(4)
At 31 December 2013	2,919	17,060	47,041	67,020
Provided for the period	118	714	70	902
At 31 March 2014	3,037	17,774	47,111	67,922
CARRYING VALUES				
At 31 March 2012	55,176	45,199	2,958	103,333
At 31 March 2013	54,700	42,344	1,362	98,406
At 31 December 2013	54,344	40,203	1,203	95,750
At 31 March 2014	54,226	39,489	1,236	94,951

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the remaining lease term
Buildings	5%
Leasehold improvement and furniture and fixtures	20%

The carrying value of leasehold land comprises:

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Leasehold land in Hong Kong				
Long lease	65	65	65	65
Medium-term lease	55,111	54,635	54,279	54,161
	55,176	54,700	54,344	54,226

The Target A has pledged certain leasehold land and buildings with carrying values of approximately HK$100,310,000, HK$96,979,000, HK$94,482,000 and HK$93,650,000 as at 31 March 2012, 31 March 2013, 31 December 2013 and 31 March 2014 respectively to secure the banking facilities granted to the Target A with details disclosed in Note 28 to the Financial Information.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted equity investments at cost	1	1	1	1

The above unlisted equity investment represents the Target A's 10% equity interests in the share capital of Fook Lam Moon Restaurant (China) Limited, a private limited liability company incorporated in British Virgin Islands which principal activity is to hold a non-exclusive license granted by the Target A to operate and manage three cantonese restaurants owned by Shangrila Hotels in China, located in Beijing, Shanghai, and Shenzhen.

The AFS financial assets are measured at cost less accumulated impairment at the end of each of the Relevant Periods because the range of reasonable fair value estimates is so significant that the directors of the Target A are of the opinion that their fair values cannot be measured reliably.

20. DEFERRED TAX ASSETS

The followings are the deferred tax assets recognised and movements thereon during the Relevant Periods:

	Accelerated tax depreciation
	HK$'000
At 1 April 2011	956
Credited to profit or loss *(Note 13)*	256
At 31 March 2012	1,212
Credited to profit or loss *(Note 13)*	150
At 31 March 2013	1,362
Charged to profit or loss *(Note 13)*	(74)
At 31 December 2013	1,288
Credited to profit or loss *(Note 13)*	32
At 31 March 2014	1,320

21. INVENTORIES

	At 31 March		**At 31 December**	**At 31 March**
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Food and beverages	26,428	15,369	15,970	15,576

22. TRADE AND OTHER RECEIVABLES

	At 31 March		**At 31 December**	**At 31 March**
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	3,836	5,646	4,082	3,942
Other receivables	1	9	–	–
Prepayments	77	78	216	169
Deposits	559	772	788	654
	4,473	6,505	5,086	4,765

Generally, there was no credit period granted to customers as the business is mainly conducted in cash or by credit cards, except for certain well established, and corporate customers for which the credit period of 30 days are granted during the Relevant Periods.

The Target A does not hold any collateral over trade and other receivables.

The aged analysis of trade receivables presented based on the invoice dates, which approximated the revenue recognition dates, at the end of each of the Relevant Periods are as follow:

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	3,721	4,889	3,903	3,579
31 – 60 days	58	493	133	361
Over 60 days	57	264	46	2
	3,836	5,646	4,082	3,942

Before accepting any new corporate customers, the Target A based on the respective financial background to assess the potential customer's credit quality and defines credit limits by customer. Credit limits granted to customers are reviewed periodically.

The aged analysis of trade receivables which are past due but not impaired at the end of each of the Relevant Periods are as follows:

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
1 – 30 days	58	493	133	361
Over 30 days	57	264	46	2
	115	757	179	363

The directors of the Target A believed that these amounts are still recoverable because there has not been a significant change in the credit quality. No impairment loss had been recognised during the Relevant Periods.

23. LOAN RECEIVABLE FROM AN IMMEDIATE HOLDING COMPANY

On 9 December 2013, the Target A entered into a loan agreement with an immediate holding company, pursuant to which the Target A agreed to advance a loan with amount not exceeding HK$50,000,000, as at an interest rate of 1.875% per annum over HIBOR or at 2.5% whichever is higher. As at 31 March 2014, a total amount of HK$30,500,000 is granted to the immediate holding company.

24. AMOUNT(S) DUE FROM A DIRECTOR/AN IMMEDIATE HOLDING COMPANY /RELATED COMPANIES

The amount due from a director and an immediate holding company are non-trade in nature, unsecured, non-interest bearing and repayable on demand. The amounts due from related companies are trade in nature, unsecured, non-interest bearing and repayable on demand.

Particulars of amount(s) due from a director/an immediate holding company/related companies are disclosed as follows:

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
A director:				
Mr. Chui Wai Kwan *(Note iv)*	–	6,936	–	–
An immediate holding company:				
Professional Guide Enterprise Limited ("**SPV**")	–	–	–	125
Related companies:				
Fook Lam Moon (Kowloon) Restaurant Limited ("**FLM Kowloon**") *(Note i)*	47	–	–	567
Loyal Wealth Enterprise Limited ("**Loyal Wealth**") *(Note ii)*	–	–	120	–
Able Wind Limited ("**Able Wind**") *(Note iii)*	–	–	147	378
	47	–	267	945

Maximum amounts outstanding during the years/periods are as follows:

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	**2013**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
A director:					
Mr. Chui Wai Kwan *(Note iv)*	–	6,936	7,007	7,007	–
An immediate holding company:					
SPV	–	–	–	–	125
Related companies:					
FLM Kowloon *(Note i)*	328	91	–	52	567
Loyal Wealth *(Note ii)*	–	–	120	–	120
Able Wind *(Note iii)*	–	–	2,137	–	378

Notes:

(i) FLM Kowloon and the Target A have common directors during the Relevant Periods.

(ii) Loyal Wealth and the Target A have a common director since 4 June 2013.

(iii) The ultimate holding company of Able Wind and the Target A have a common director since 4 June 2013.

(iv) Resigned on 19 January 2013.

25. BANK BALANCES AND CASH

The bank balances carry interest market rates as follows:

	At 31 March		At 31 December	Three months ended 31 March
	2012	**2013**	**2013**	**2014**
Interest rate per annum	0%-0.16%	0%-0.16%	0%-0.02%	0%-0.02%

Included in bank balances and cash are the following amounts denominated in a currency other than the functional currency of the entity to which it relates:

	At 31 March		At 31 December	At 31 March
	2012	2013	2013	2014
USD	8	8	8	8

26. TRADE AND OTHER PAYABLES

	At 31 March		At 31 December	At 31 March
	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	6,938	5,061	2,466	4,123
Other payables and accruals	2,595	2,781	5,774	3,080
	9,533	7,842	8,240	7,203

The following is an aged analysis of trade payables presented based on the invoice date at the end of each of the reporting period:

	At 31 March		At 31 December	At 31 March
	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	3,594	5,061	2,466	4,114
31 – 60 days	494	–	–	9
61 – 90 days	–	–	–	–
Over 90 days	2,850	–	–	–
	6,938	5,061	2,466	4,123

The average credit period on purchases of goods is 30 days during the Relevant Periods. The Target A has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

27. AMOUNT(S) DUE TO DIRECTORS/RELATED COMPANIES

The amounts are unsecured, non-interest bearing and repayable on demand.

Particulars of amount(s) due to directors/related companies are disclosed as follows:

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Directors:				
Mr. Chui Pui Kun	–	–	100	100
Mr. Chui Tak Keung, Duncan	–	–	80	80
Ms. Chui Chan Oi Lin, Eileen	–	–	20	20
Ms. Chui Shuk Wah, Janet	–	–	50	50
Mr. Chui Wai Kwan *(Note i)*	121	–	–	–
	121	–	250	250
Related companies:				
FLM Kowloon	–	454	1,104	–
Loyal Wealth	–	–	–	86
	–	454	1,104	86

Note:

(i) Resigned on 19 January 2013

28. BANK AND OTHER BORROWINGS

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Repayable within one year or on demand:				
Secured bank borrowings *(Note b)*	8,653	7,867	35,000	33,333
Loans from directors *(Note c)*	71,968	65,425	–	–
Revolving loan *(Note b)*	–	–	–	22,000
	80,621	73,292	35,000	55,333

Notes:

(a) All bank and other borrowings are denominated in HK$.

(b) All of the secured bank borrowings and revolving loan bear variable interest rates. The interest rates are as follows:

	At 31 March 2012	2013	At 31 December 2013	At 31 March 2014
Secured bank borrowings	The lower of 0.7% p.a. above HIBOR and 2.75% p.a. below HK$ Prime	The lower of 0.7% p.a. above HIBOR and 2.75% p.a. below HK$ Prime	HIBOR (1 month) + 1.875%	HIBOR (1 month) + 1.875%
Revolving loan	–	–	–	HIBOR (1 month) + 1.875%

During the Relevant Period, the bank borrowings were secured by the Target A's certain leasehold land and buildings. At 31 March 2013 and 31 March 2012, the director and the former director of the Target A has also provided personal guarantee for the secured bank borrowing. Details of the pledged of assets and guarantee are disclosed in Notes 18 and 32 to the Financial Information respectively.

(c) The loans from directors of the Target A are unsecured, interest-free and repayable on demand. The immediate holding company of the Target A, Professional Guide Enterprise Limited, has acquired all of the remaining directors' loans of approximately HK$63,790,000 on 4 June 2013, the balance of loans from directors was Nil as of 31 December 2013 and 31 March 2014.

(d) The Target A has obtained banking facilities of approximately HK$11,800,000, HK$11,800,000, HK$65,000,000 and HK$65,000,000 at 31 March 2012 , 31 March 2013 , 31 December 2013 and 31 March 2014 respectively, and the Target A has utilised of approximately HK$8,653,000, HK$7,867,000, HK$35,000,000 and HK$55,330,000 at 31 March 2012, 31 March 2013, 31 December 2013 and 31 March 2014 respectively.

29. SHARE CAPITAL

	Number of ordinary shares At 31 March 2012	2013	At 31 December 2013	At 31 March 2014
Authorised: Ordinary shares of HK$10 each				
At the beginning of the year/ period	600	600	600	600
Transition to new Company Ordinance *(Note ii)*	–	–	–	(600)
At the end of the year/period	600	600	600	–

	At 31 March 2012 HK$'000	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
Issued and fully paid:				
60,000 ordinary shares of HK$10 each *(Note i)*	600	600	600	600
Representing by:				
26,780 class A shares	268	268	268	268
26,780 class B shares	268	268	268	268
6,440 class C shares	64	64	64	64
	600	600	600	600

Notes:

(i) The holders of class A, B and C shares are entitled to appoint three, three and one directors respectively. Apart from the foregoing, each of these shares rank pari passu with each other.

(ii) In accordance with the provisions of the new Hong Kong Companies Ordinance, Cap. 622, as from its commencement on 3 March 2014, the authorised share capital of a company and the par value of a company's shares were abolished. As a result, the Target A has no longer has an authorised share capital and its shares ceased to have a par value as from 3 March 2014.

30. OPERATING LEASE COMMITMENTS

At the end of each of the Relevant Periods, the Target A had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 March 2012 HK$'000	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
Within one year	16	16	22	22
In the second to fifth years inclusive	36	56	64	59
	52	72	86	81

Operating lease payments represent rentals payable by the Target A for certain of its office equipment. At 31 March 2014, leases are negotiated for five years, five years, five years and five years at 31 March 2012, 31 March 2013, 31 December 2013 and 31 March 2014 respectively (31 December 2013: for five years, 31 March 2013: for five years, 31 March 2012: for five years), and no arrangements have been entered into for contingent rental payments.

31. CAPITAL COMMITMENT

	At 31 March 2012 HK$'000	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Financial Information	16	3	–	–

32. RELATED PARTY TRANSACTIONS

(a) Balances

Details of balances with related parties are set out in Notes 24 and 27 to the Financial Information.

(b) Compensation of key management personnel

The remuneration of the directors of Target A, which also represented the key management personnel of the Target A during the Relevant Periods were disclosed in Note 15 to the Financial Information.

(c) During the Relevant Periods, the Target A has entered into the following transactions with related parties:

(i) Transaction with a director of Target A

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	**2013**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Purchased from:					
– Mr. Chui Wai Kwan	744	368	–	–	–
Inventories sold to:					
– Mr. Chui Wai Kwan	–	6,970	–	6,970	–
Charge to:					
– Mr. Chui Wai Kwan	–	11	–	11	–

(ii) Transaction with related company

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	**2013**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Purchased of raw material from:					
– FLM Kowloon	–	900	1,130	431	–
– Loyal Wealth	–	–	211	–	–
Proceeds from sales of raw material to:					
– FLM Kowloon	–	–	–	–	275
– Loyal Wealth	–	–	120	–	–
– Able Wind	–	–	38	–	–
Charge to:					
– FLM Kowloon	1,117	589	229	109	21
– Able Wind	–	–	109	–	–
– SPV	–	–	–	–	125
Loan to:					
– Able Wind	–	–	2,000	–	377
– SPV	–	–	–	–	30,500

The directors of the Target A considered that the above related party transactions are priced in an arm's length negotiation.

As at 31 March 2013 and 31 March 2012, personal guarantees of approximately HK$11,800,000 each was given by Mr. Chui Pui Kun, the director of the Target A and Mr. Chui Wai Kwan, the former director of the Target A, for securing the banking facilities of the Target A. Details of the borrowings are disclosed in Note 28 to the Financial Information.

33. MAJOR NON-CASH TRANSACTION

There was no significant non-cash transaction during the Relevant Periods.

II. EVENTS AFTER THE RELEVANT PERIODS

In August 2014, the Target A has provided corporate guarantee for the loan facilities of up to HK$150,000,000 which obtained by FLM Kowloon from a financial institution.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target A in respect of any period subsequent to 31 March 2014 up to the date of this report. No dividend or distribution has been declared or made by the Target A in respect of any period subsequent to 31 March 2014.

Yours faithfully,

ZHONGLEI (HK) CPA Company Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256
Hong Kong

Suites 313-316, 3/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

B. ACCOUNTANCY REPORT ON FOOK LAM MOON (KOWLOON) RESTAURANT LIMITED

中磊（香港）會計師事務所有限公司
ZHONGLEI (HK) CPA Company Limited

29 August 2014

The Board of Directors
Chinese Food and Beverage Group Limited
4/F., Phase 1
Kaiser Estate
41 Man Yue Street
Hunghom
Kowloon, Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "**Financial Information**") of Fook Lam Moon (Kowloon) Restaurant Limited (the "**Target B**") and its subsidiary (hereinafter collectively referred to as the "**Target B Group**") which comprises the consolidated statements of financial position of the Target B Group as at 31 March 2012, 31 March 2013, 31 December 2013 and 31 March 2014, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target B Group for the years ended 31 March 2012 and 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2014 (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 Target B for inclusion in the circular issued by Chinese Food and Beverage Group Limited (the "**Company**") dated 29 August 2014 (the "**Circular**") in connection with the proposed exercise of conversion rights attached to convertible bonds in the principal amount of HK$200,000,000 issued by Professional Guide Enterprise Limited, details of which is set out in the Circular.

The Target B is a limited liability company incorporated in Hong Kong on 22 March 1977. The addresses of the registered office and principal place of business of the Target B is Shop 8, G/F. and 1/F. Luna Court, 53-59 Kimberley Road, Tsimshatsui, Kowloon, Hong Kong. The Target B is engaged in the operation of high-end Chinese restaurant business, serving Cantonese cuisine and provision of banquet catering services.

At the end of the Relevant Periods and at the date of this report, the Target B has direct equity interests in the following subsidiary:

Name of subsidiary	Place and date of incorporation	Particulars of issued and fully paid up share capital	Effective equity interest attributable to the Target B					Principal activity
			31 March 2012	31 March 2013	31 December 2013	31 March 2014	At the date of this report	
Champion Tree Investment Limited 萬里寧投資有限公司	Hong Kong 28 February 1991	HK$10,000	100%	100%	100%	100%	100%	Property investment

The Target B Group is principally operating in Hong Kong. All companies comprising the Target B Group had originally adopted 31 March as their financial year end. During the Relevant Periods, the reporting period end date of the Target B Group was changed from 31 March to 31 December with effect from the financial period ended 31 December 2013 so as to align with the norm of financial year end date in the market.

The statutory financial statements of the subsidiary which have been prepared in accordance with the relevant accounting principles and financial regulations applicable to companies incorporated or established in Hong Kong were audited by the following certified public accountants registered in Hong Kong:

Financial year	**Name of auditors**
Year ended 31 March 2012	Leung & Puen CPA Limited
Year ended 31 March 2013 and nine months ended 31 December 2013	ZHONGLEI (HK) CPA Company Limited

For the purpose of the preparation of this report, the directors of the Target B have prepared consolidated financial statements of the Target B Group for the Relevant Periods (the "**Underlying Financial Statements**") in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). We have carried out an independent audit on the Underlying Financial Statements for the Relevant Periods in accordance with Hong Kong Standards on Auditing ("**HKSA**") issued by the HKICPA and examined the Underlying Financial Statements for the Relevant Periods in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements. No adjustments have been made by us to the Underlying Financial Statements for the Relevant Periods in preparing our report for inclusion in the Circular.

The preparation of the Underlying Financial Statements are the responsibility of the directors of the Target B. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together gives, for the purpose of this report, a true and fair view of the state of affairs of the Target B Group as at 31 March 2012, 31 March 2013, 31 December 2013 and 31 March 2014, and of the Target B Group's results and cash flows for each of the years ended 31 March 2012 and 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2014.

Comparative Financial Information

The unaudited comparative consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Target B Group for the three months ended 31 March 2013 together with the notes thereon have been prepared based on the unaudited financial information of the Target B Group for the same period (the "**31 March 2013 Financial Information**") which was prepared by the directors of the Target B solely for the purpose of this report. We have reviewed the 31 March 2013 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 31 March 2013 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the 31 March 2013 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 March 2013 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

(I) FINANCIAL INFORMATION OF THE TARGET B GROUP

The following is the financial information (the "**Financial Information**") of Fook Lam Moon (Kowloon) Restaurant Limited (the "**Target B**") and its subsidiary (collectively referred to as the "**Target B Group**") prepared by the directors of the Target B as at 31 March 2012 and 31 March 2013, 31 December 2013 and 31 March 2014 and for each of the years ended 31 March 2012 and 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2013 and 31 March 2014 (the "**Relevant Periods**").

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
		2012	**2013**	**2013**	**2013**	**2014**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Turnover	*8*	53,996	51,512	37,201	14,545	14,688
Cost of sales		(17,389)	(16,695)	(12,594)	(4,697)	(5,255)
Gross profit		36,607	34,817	24,607	9,848	9,433
Other income	*10*	1,606	1,837	1,770	349	806
Operating and administrative expenses		(27,660)	(26,669)	(17,438)	(6,324)	(5,558)
Profit before tax		10,553	9,985	8,939	3,873	4,681
Income tax expense	*11*	(1,974)	(1,873)	(1,589)	(698)	(812)
Profit and total comprehensive income for the year/period	*12*	8,579	8,112	7,350	3,175	3,869
Dividends	*15*	3,000	8,200	–	–	–

Consolidated Statements of Financial Position

		At 31 March		At	At
				31 December	31 March
		2012	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	16	25,639	21,958	21,469	21,136
Deferred tax assets	24	191	479	327	305
		25,830	22,437	21,796	21,441
CURRENT ASSETS					
Inventories	17	21,124	12,118	8,678	7,394
Trade and other receivables	18	1,965	2,836	2,432	2,021
Amount due from a director	19	–	4,745	–	–
Amounts due from related companies	20	–	454	1,106	2
Amount due from a related party	20	–	–	3	3
Tax recoverable		–	36	–	–
Bank balances and cash	21	9,845	14,169	6,758	2,404
		32,934	34,358	18,977	11,824
CURRENT LIABILITIES					
Trade and other payables	22	3,573	2,659	3,536	2,281
Amounts due to directors	23	38,190	37,816	12,166	2,616
Amounts due to related companies	23	47	–	–	719
Tax liabilities		546	–	1,401	110
		42,356	40,475	17,103	5,726
NET CURRENT (LIABILITIES) ASSETS		(9,422)	(6,117)	1,874	6,098
NET ASSETS		16,408	16,320	23,670	27,539
CAPITAL AND RESERVE					
Share capital	25	1,000	1,000	1,000	1,000
Retained earnings		15,408	15,320	22,670	26,539
TOTAL EQUITY		16,408	16,320	23,670	27,539

Consolidated Statements of Changes in Equity

	Share capital	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2011	1,000	9,829	10,829
Profit and total comprehensive income for the year	–	8,579	8,579
Interim dividend *(Note 15)*	–	(3,000)	(3,000)
At 31 March 2012	1,000	15,408	16,408
Profit and total comprehensive income for the year	–	8,112	8,112
Interim dividend *(Note 15)*	–	(8,200)	(8,200)
At 31 March 2013	1,000	15,320	16,320
Profit and total comprehensive income for the period	–	7,350	7,350
At 31 December 2013	1,000	22,670	23,670
Profit and total comprehensive income for the period	–	3,869	3,869
At 31 March 2014	1,000	26,539	27,539

For the three months ended 31 March 2013 (Unaudited)	Share capital	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2013	1,000	12,145	13,145
Profit and total comprehensive income for the period	–	3,175	3,175
At 31 March 2013	1,000	15,320	16,320

Consolidated Statements of Cash Flows

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
OPERATING ACTIVITIES					
Profit before tax	10,553	9,985	8,939	3,873	4,681
Adjustments for:					
Interest income	(1)	(1)	(6)	(1)	–
Depreciation of property, plant and equipment	4,069	3,991	1,013	1,003	339
Loss on disposal of property, plant and equipment	8	–	–	–	–
Provision of long service payments	68	142	92	22	11
Waiver of accrued expenses	(20)	–	–	–	–
Operating cash flows before movements in working capital	14,677	14,117	10,038	4,897	5,031
(Increase) decrease in inventories	(10,693)	9,006	3,440	1,278	1,284
Decrease (increase) in trade and other receivables	382	(871)	404	(204)	411
Decrease (increase) in amounts due from related companies	496	(501)	(652)	(469)	1,823
Increase in amount due from a related party	–	–	(3)	–	–
Increase (decrease) in trade and other payables	1,215	(1,056)	785	(1,183)	(1,266)
(Increase) decrease in amount due from a director	–	(4,745)	4,745	(15)	–
Cash generated from operations	6,077	15,950	18,757	4,304	7,283
Income tax paid	(1,906)	(2,743)	–	(2,743)	(2,081)
NET CASH FROM OPERATING ACTIVITIES	4,171	13,207	18,757	1,561	5,202

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(283)	(310)	(524)	(57)	(6)
Interest received	1	1	6	1	–
NET CASH USED IN INVESTING ACTIVITIES	(282)	(309)	(518)	(56)	(6)
FINANCING ACTIVITIES					
Increase (decrease) in amounts due to directors	163	(374)	(25,650)	–	(9,550)
Dividends paid	(3,000)	(8,200)	–	–	–
NET CASH USED IN FINANCING ACTIVITIES	(2,837)	(8,574)	(25,650)	–	(9,550)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,052	4,324	(7,411)	1,505	(4,354)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	8,793	9,845	14,169	12,664	6,758
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD					
Represented by bank balances and cash	9,845	14,169	6,758	14,169	2,404

Notes to the Financial Information

1. GENERAL

Fook Lam Moon (Kowloon) Restaurant Limited (the "**Target B**") was incorporated in Hong Kong with limited liability.

After the group reorganisation on 4 June 2013, Professional Guide Enterprise Limited (the "**SPV**"), a company incorporated in British Virgin Islands with limited liability and Coqueen Company Limited, a company incorporated in Hong Kong with limited liability became the immediate holding company and the ultimate holding company of the Target B respectively.

The addresses of the registered office and principal place of business of the Target B is Shop 8, G/F. and 1/F. Luna Court, 53-59 Kimberley Road, Tsimshatsui, Kowloon, Hong Kong.

The Target B is engaged in the operation of high-end Chinese restaurant business, serving Cantonese cuisine and provision of banquet catering services. Its wholly-owned subsidiary, Champion Tree Investment Limited, is engaged in property investment.

The Financial Information is presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Target B and its subsidiary (hereinafter collectively referred to as the " **Target B Group**").

2. CHANGE OF FINANCIAL YEAR END DATE

During the Relevant Periods, the reporting period end date of the Target B Group was changed from 31 March to 31 December with effect from the financial period ended 31 December 2013 so as to align with the norm of financial year end date in the market. Accordingly, the Financial Information for the period covers the nine-month period from 1 April 2013 to 31 December 2013. The corresponding comparative amounts shown for the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity, the consolidated statements of cash flows and related notes covered a twelve-month period from 1 April 2012 to 31 March 2013/1 April 2011 to 31 March 2012 and therefore may not be comparable with amounts shown for the nine months ended 31 December 2013.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Target B Group has adopted all the HKFRSs and HKASs issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Target B Group's financial period beginning on 1 January 2014 consistently throughout the Relevant Periods.

At the date of this report, the following new and revised HKFRSs and HKASs have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements HKFRSs 2010 – 2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements HKFRSs 2011 – 2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[3]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operation[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC*) – Int 21	Levies[1]

* *IFRIC represents the International Financial Reporting Interpretation Committee*

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

[3] Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

[4] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HAKS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Target B do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2010-2012 Cycle* will have a material effect on the Target B Group's Financial Information.

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of the Target B Group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Target B do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011-2013 Cycle* will have a material effect on the Target B Group's Financial Information.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of *HKAS 39 Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Target B anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Target B Group's financial assets and financial liabilities. Regarding the Target B Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The directors of the Target B do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Target B Group's Financial Information as the Target B does not have any financial assets and financial liabilities that qualify for offset.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

– obtain funds from one or more investors for the purpose of providing them with professional investment management services;

– commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

– measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Target B do not anticipate that the investment entities amendments will have any effect on the Target B Group's Financial Information as Target B Group is not an investment entity.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Target B do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Target B Group's Financial Information.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA with the applicable disclosures provisions of the Rules Governing the Listing of Securities on the Growth

Enterprise Market (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). For the purpose of the Financial Information, the Target B Group has adopted, at the beginning of the Relevant Periods, all new and revised HKFRSs applicable to the Relevant Periods.

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target B Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The Financial Information incorporates the financial information of the Target B and entities controlled by the Target B and its subsidiary. Control is achieved when the Target B:

- has power over the investee;
- is exposed, or has the rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target B Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Target B Group obtains control over the subsidiary and ceases when the Target B Group loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the Relevant Periods are included in the consolidated statements of profit or loss and other comprehensive income from the date the Target B Group gains control until the date when the Target B Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Target B and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Target B and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Target B Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target B Group are eliminated in full on consolidation.

Investment in a subsidiary

Investment in a subsidiary included in the Target B's consolidated statements of financial position is stated at cost less any identified accumulated impairment losses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

Revenue from the sale of goods is recognised when the goods are delivered and titles have been passed, at which time all the following conditions are satisfied:

- The Target B Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Target B Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Target B Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from restaurant operation is recognised when the catering services are provided.

Cash tips income is recognised when services are rendered and tips are received.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Target B Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on tangible assets

At the end of the reporting period, the Target B Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Target B Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Target B Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Target B Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Target B Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready to their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

Payments to the defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme (the "**MPF Scheme**") are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target B Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

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

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when the Target B Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a director/related companies/a related party and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified accumulated impairment losses (see accounting policy of impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asst because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target B Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Target B Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target B Group after deducting all of its liabilities. Equity instruments issued by the Target B Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables and amount(s) due to directors/related companies are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Target B Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expired, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target B Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target B Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Target B Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target B Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Target B Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Target B Group derecognises financial liabilities when, and only when, the Target B Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target B Group's accounting policies, which are described in Note 4 to the Financial Information, the directors of the Target B are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The directors of the Target B have not come across any significant areas where critical judgements are involved in applying the Target B Group's accounting policies.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year from the end of each of the Relevant Periods.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Target B Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year/period and the estimate will be changed in the future period.

Impairment loss recognised in respect of trade receivables

The Target B Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. Credit losses have historically been within the Target B Group's expectations and the Target B Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. The carrying amount of trade receivables was approximately HK$1,660,000, HK$2,529,000, HK$2,113,000 and HK$1,641,000 at 31 March 2012, 31 March 2013, 31 December 2013 and 31 March 2014 respectively. No impairment loss has been recognised during the Relevant Periods.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are calculated using the first-in, first-out method. Net realisable value represented the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

Income taxes

The Target B Group is subject to income taxes in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. A deferred tax asset of approximately HK$191,000, HK$479,000, HK$327,000 and HK$305,000 at 31 March 2012 and 31 March 2013, 31 December 2013 and 31 March 2014 respectively, in relation to the deductible temporary difference has been recognised in the Target B Group's consolidated statements of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

6. CAPITAL RISK MANAGEMENT

The Target B Group manages its capital to ensure that the Target B Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target B Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target B Group consists of bank balances and cash and equity attributable to owners of the Target B, comprising issued share capital and retained earnings.

The directors of the Target B review the capital structure on a regular basis. As part of this review, the directors of the Target B consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Target B, the Target B Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debts.

7. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 March 2012 HK$'000	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
Financial assets				
Loan and receivables:				
Trade and other receivables	1,965	2,831	2,420	1,949
Amount due from a director	–	4,745	–	–
Amounts due from related companies	–	454	1,106	2
Amount due from a related party	–	–	3	3
Bank balances and cash	9,845	14,169	6,758	2,404
	11,810	22,199	10,287	4,358
Financial liabilities				
At amortised cost:				
Trade and other payables	3,573	2,659	3,536	2,281
Amounts due to directors	38,190	37,816	12,166	2,616
Amounts due to related companies	47	–	–	719
	41,810	40,475	15,702	5,616

b. Financial risk management objectives and policies

The Target B Group's major financial instruments include trade and other receivables, amount(s) due from (to) director(s)/related companies/a related party, bank balances and cash and trade and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Currency risk to the Target B Group is minimal as most of the Target B Group's transactions are carried out in the respective functional currencies of the Target B Group.

(ii) Interest rate risk

The Target B Group is exposed to cash flow interest rate risk in relation to its variable rate bank balances. The Target B Group considered that the effect of the cash flow interest rate risk is minimal and no sensitivity analysis to interest rate risk is presented.

Credit risk

At 31 March 2014, the Target B Group's maximum exposure to credit risk which will cause a financial loss to the Target B Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the management of the Target B Group has delegated a team which is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Target B Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Target B consider that the Target B Group's credit risk is significantly reduced.

Most of the trade receivables are due within 30 day from the date of billing. Normally, the Target B Group does not obtain collateral from customers.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Target B Group does not have any other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, the directors of the Target B monitor and maintain a level of bank balances and cash deemed adequate to finance the Target B Group's operation, investment opportunity and mitigate the effects of fluctuations in cash flows.

The Target B Group's liquidity position is monitored closely by management of the Target B Group. All the financial liabilities are non-interest bearing and due within 1 year.

The total undiscounted cash flows of each financial liability based on the earliest date on which the Target B Group can be required to pay approximate to their carrying amounts at the each of the reporting period.

	Weighted average interest rate	Undiscounted cash flows due within one year or on demand	Carrying amount
		HK$'000	*HK$'000*
At 31 March 2012			
Trade and other payables	–	3,573	3,573
Amounts due to directors	–	38,190	38,190
Amount due to a related company	–	47	47
		41,810	41,810

	Weighted average interest rate	Undiscounted cash flows due within one year or on demand	Carrying amount
		HK$'000	*HK$'000*
At 31 March 2013			
Trade and other payables	–	2,659	2,659
Amounts due to directors	–	37,816	37,816
		40,475	40,475

	Weighted average interest rate	Undiscounted cash flows due within one year or on demand	Carrying amount
		HK$'000	*HK$'000*
At 31 December 2013			
Trade and other payables	–	3,536	3,535
Amounts due to directors	–	12,166	12,166
		15,702	15,701

	Weighted average interest rate	Undiscounted cash flows due within one year or on demand	Carrying amount
		HK$'000	*HK$'000*
At 31 March 2014			
Trade and other payables	–	2,281	2,281
Amounts due to directors	–	2,616	2,616
Amounts due to related companies	–	719	719
		5,616	5,616

c. Fair value measurement of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

8. TURNOVER

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	**2013**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Chinese restaurant operation	53,996	51,512	37,201	14,545	14,688

9. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the board of directors of the Target B, being the chief operating decision maker for the purposes of allocation of resources to, and assessing the performance of, the Target B Group's various lines of business and geographical locations.

The Target B Group has only one operating and reportable segment, represented the operation of Chinese restaurant, for the Relevant Periods. Since this is the only one operating and reportable segment of the Target B Group, no further analysis thereof is presented. All the revenue of the Target B Group are generated from the operation of Chinese restaurant for the Relevant Periods.

Geographical information

The Target B Group's operations take place in Hong Kong. All the revenue from external customer of the Target B Group are generated from customers located in Hong Kong. All the non-current assets of the Target B Group are located in Hong Kong.

Information about major customers

There was no single customer contributing over 10% of total turnover of the Target B Group during the Relevant Periods.

10. OTHER INCOME

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	**2013**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Cash tips	1,231	1,250	880	344	333
Interest income	1	1	6	1	–
Waiver of accrued expenses	20	–	–	–	–
Gain on sales of raw material	341	573	768	–	–
Gain on sales of seasonal goods	–	–	107	–	473
Sundry income	13	13	9	4	–
	1,606	1,837	1,770	349	806

11. INCOME TAX EXPENSES

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Current tax					
– Hong Kong	2,220	2,160	1,481	767	790
Under provision in prior years/periods	–	1	–	1	–
Effect of tax reduction	–	–	(44)	–	–
Deferred tax *(Note 24)*	(246)	(288)	152	(70)	22
Income tax expenses for the year/period	1,974	1,873	1,589	698	812

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Relevant Periods.

The income tax expense for the year/period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit before tax	10,553	9,985	8,939	3,873	4,681
Tax at the domestic income tax rate of 16.5%	1,741	1,647	1,475	639	772
Tax effect of income not taxable for tax purpose	(3)	–	(1)	–	–
Tax effect of expenses not deductible for tax purpose	237	225	159	58	40
Others	(1)	–	–	–	–
Effect of tax reduction	–	–	(44)	–	–
Under provision in prior years	–	1	–	1	–
Income tax expense	1,974	1,873	1,589	698	812

12. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit for the year/period has been arrived at after charging:					
Directors' and chief executives' emoluments *(Note 13)*	3,378	2,676	900	390	150
Other staff costs					
– Salaries and other allowances	13,946	13,946	11,206	3,512	3,680
– Provision of long service payments	68	142	92	22	11
– Retirement benefits scheme contributions	485	521	403	134	161
Total staff costs	17,877	17,285	12,601	4,058	4,002
Auditors' remuneration	67	60	66	60	–
Depreciation of property, plant and equipment	4,069	3,991	1,013	1,003	339
Inventories cost recognised as expenses	17,389	16,695	12,594	4,697	5,255
Loss on disposal of property, plant and equipment	8	–	–	–	–
Minimum lease payments under operating lease in respect of office equipment	–	–	5	–	5

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

The emoluments paid or payable to the directors of the Target B during the Relevant Periods were as follows:

	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2012					
Mr. Chui Wai Kwan *(Note c)*	12	1,536	129	12	1,689
Mr. Chui Pui Kun	12	1,548	129	–	1,689
Fullbond Properties Limited	–	–	–	–	–
Coqueen Company Limited *(Note b)*	–	–	–	–	–
Chui Wai Kwan Investments Company Limited *(Note d)*	–	–	–	–	–
	24	3,084	258	12	3,378

	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2013					
Mr. Chui Wai Kwan *(Note c)*	9	1,096	–	11	1,116
Mr. Chui Pui Kun	9	1,551	–	–	1,560
Fullbond Properties Limited	–	–	–	–	–
Coqueen Company Limited *(Note b)*	–	–	–	–	–
Chui Wai Kwan Investments Company Limited *(Note d)*	–	–	–	–	–
	18	2,647	–	11	2,676

	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the nine months ended 31 December 2013					
Mr. Chui Wai Kwan *(Note c)*	–	–	–	–	–
Mr. Chui Pui Kun	–	850	50	–	900
Fullbond Properties Limited	–	–	–	–	–
Coqueen Company Limited *(Note b)*	–	–	–	–	–
Professional Guide Enterprise Limited *(Note a)*	–	–	–	–	–
	–	850	50	–	900

	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the three months ended 31 March 2013 (Unaudited)					
Mr. Chui Wai Kwan *(Note c)*	–	–	–	–	–
Mr. Chui Pui Kun	–	390	–	–	390
Fullbond Properties Limited	–	–	–	–	–
	–	390	–	–	390

	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the three months ended 31 March 2014					
Mr. Chui Pui Kun	–	150	–	–	150
Fullbond Properties Limited	–	–	–	–	–
Professional Guide Enterprise Limited *(Note a)*	–	–	–	–	–
	–	150	–	–	150

Notes:

(a) Appointed on 4 June 2013

(b) Resigned on 13 October 2012, re-appointed on 4 June 2013 and resigned on 4 June 2013

(c) Resigned on 4 June 2013

(d) Resigned on 13 October 2012

The discretionary bonus was determined with reference to the operating results and individual performance of the Target B Group for the Relevant Periods.

No emoluments were paid by the Target B Group to the directors or chief executives of the Target B as an inducement to join, or upon joining the Target B Group or as compensation for loss of office and neither the chief executive nor any of the directors waived any emoluments during the Relevant Periods. Apart from the directors of the Target B, the Target B Group has not classified any other persons as chief executives during the Relevant Periods.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Target B Group during the years ended 31 March 2012 and 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2013 and 31 March 2014 included two, two, one, one and one were directors of the Target B respectively, whose emoluments are disclosed in Note 13 above. The emoluments of the remaining three, three, four, four and four individuals respectively during the years ended 31 March 2012 and 31 March 2013, for the nine months ended 31 December 2013 and for the three months ended 31 March 2013 and 31 March 2014 were as follows:

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	**2013**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries and other allowances	1,841	1,819	1,840	850	538
Retirement benefits scheme contributions	24	29	62	14	18
	1,865	1,848	1,902	864	556

Their emoluments were within the following bands:

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Nil to HK$1,000,000	3	3	4	4	4

15. DIVIDENDS

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Dividends recognised as distribution during the year/period:					
First interim	3,000	2,200	–	–	–
Second interim	–	6,000	–	–	–
	3,000	8,200	–	–	–
Dividend per share:					
First interim	HK$3,000	HK$2,200	–	–	–
Second interim	–	HK$6,000	–	–	–

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvement HK$'000	Furniture and fixtures HK$'000	Plant and machinery HK$'000	Motor vehicle HK$'000	Total HK$'000
COST							
At 1 April 2011	20,635	20,853	8,219	4,939	2,107	–	56,753
Additions	–	–	–	214	69	–	283
Disposals	–	–	–	(20)	–	–	(20)
At 31 March 2012	20,635	20,853	8,219	5,133	2,176	–	57,016
Additions	–	–	266	24	20	–	310
Disposals	–	–	–	(26)	(19)	–	(45)
At 31 March 2013	20,635	20,853	8,485	5,131	2,177	–	57,281
Additions	–	–	–	30	39	455	524
Written-off	–	–	–	(2)	–	–	(2)
At 31 December 2013	20,635	20,853	8,485	5,159	2,216	455	57,803
Additions	–	–	–	6	–	–	6
At 31 March 2014	20,635	20,853	8,485	5,165	2,216	455	57,809
ACCUMULATED DEPRECIATION							
At 1 April 2011	7,674	10,295	5,072	2,994	1,285	–	27,320
Provided for the year	517	522	1,619	989	422	–	4,069
Eliminated on disposals	–	–	–	(12)	–	–	(12)
At 31 March 2012	8,191	10,817	6,691	3,971	1,707	–	31,377
Provided for the year	517	522	1,556	979	417	–	3,991
Eliminated on disposals	–	–	–	(26)	(19)	–	(45)
At 31 March 2013	8,708	11,339	8,247	4,924	2,105	–	35,323
Provided for the period	388	393	54	81	29	68	1,013
Written-off	–	–	–	(2)	–	–	(2)
At 31 December 2013	9,096	11,732	8,301	5,003	2,134	68	36,334
Provided for the period	129	131	18	29	9	23	339
At 31 March 2014	9,225	11,863	8,319	5,032	2,143	91	36,673
CARRYING VALUES							
At 31 March 2012	12,444	10,036	1,528	1,162	469	–	25,639
At 31 March 2013	11,927	9,514	238	207	72	–	21,958
At 31 December 2013	11,539	9,121	184	156	82	387	21,469
At 31 March 2014	11,410	8,990	166	133	73	364	21,136

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the remaining lease term
Buildings	Over the remaining lease term
Leasehold improvement	20%
Furniture and fixtures	20%
Plant and machinery	20%
Motor vehicle	20%

The leasehold land and buildings are under medium-term leases and are situated in Hong Kong.

17. INVENTORIES

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Food and beverages	21,124	12,118	8,678	7,394

18. TRADE AND OTHER RECEIVABLES

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	1,660	2,529	2,113	1,641
Deposits	305	302	307	308
Prepayments	–	5	12	72
	1,965	2,836	2,432	2,021

Generally, there was no credit period granted to customers as the business is mainly conducted in cash or by credit cards, except for certain well established, and corporate customers for which the credit period of 30 days are granted during the Relevant Periods.

The Target B Group does not hold any collateral over trade and other receivables.

The aged analysis of trade receivables presented based on the invoice dates, which approximated the revenue recognition date, at the end of the Relevant Periods are as follows:

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	1,626	1,778	2,011	1,618
31 – 60 days	26	708	80	20
Over 60 days	8	43	22	3
	1,660	2,529	2,113	1,641

Before accepting any new corporate customers, the Target B Group based on the respective financial background to assess the potential customer's credit quality and defines credit limits by customer. Credit limits granted to customers are reviewed periodically.

The age analysis of trade receivables which are past due but not impaired at the end of each of the reporting period are as follows:

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
1 – 30 days	26	708	80	20
31 – 60 days	8	28	17	3
over 60 days	–	15	5	–
	34	751	102	23

The directors of the Target B believed that these amounts are still recoverable because there has not been a significant change in the credit quality. No impairment loss had been recognised during the Relevant Periods.

19. AMOUNT DUE FROM A DIRECTOR

The amount is unsecured, non-interest bearing and repayable on demand.

Particulars of the amount due from a director disclosed are as follows:

	At 31 March		At 31 December	At 31 March
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Director:				
Mr. Chui Wai Kwan *(Note)*	–	4,745	–	–

Note: Mr. Chui Wai Kwan is resigned on 4 June 2013.

Maximum amount outstanding during the years/periods is as follows:

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	**2013**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Director:					
Mr. Chui Wai Kwan	–	4,745	4,745	4,745	–

20. AMOUNT(S) DUE FROM RELATED COMPANIES/A RELATED PARTY

The amount(s) due from related companies are trade in nature, unsecured, non-interest bearing and repayable on demand. The amounts due from a related party is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Particulars of amount(s) due from related companies/a related party are disclosed as follows:

	At 31 March		At	At
			31 December	31 March
	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Related companies				
Fook Lam Moon Restaurant Limited ("**FLM HK**") *(Note i)*	–	454	1,104	–
Able Wind Limited ("**Able Wind**") *(Note ii)*	–	–	2	2
	–	454	1,106	2
A related party				
Mr. Chui Tak Keung, Duncan *(Note iii)*	–	–	3	3

Maximum amount outstanding during the years/periods is as follows:

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Related companies					
FLM HK *(Note i)*	450	952	11,159	952	–
Able Wind *(Note ii)*	–	–	2	–	2
A related party					
Mr. Chui Tak Keung Duncan *(Note iii)*	–	–	14	–	3

Notes:

(i) FLM HK and the Target B Group have a common director during the Relevant Periods.

(ii) The ultimate holding company of Able Wind and the Target B Group have a common director since 4 June 2013.

(iii) Mr. Chui Tak Keung, Duncan is the director of the immediate holding company of the Target B since 4 June 2013.

21. BANK BALANCES AND CASH

The bank balances carry interest at market rates as follows:

	At 31 March 2012	At 31 March 2013	At 31 December 2013	At 31 March 2014
Interest rate per annum	0.01%	0.01%	0.01%	0.01%

22. TRADE AND OTHER PAYABLES

	At 31 March 2012	At 31 March 2013	At 31 December 2013	At 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	2,494	1,345	1,138	950
Other payables and accruals	1,079	1,314	2,398	1,331
	3,573	2,659	3,536	2,281

The following is an aged analysis of trade payables presented based on the invoice date at the end of each of the reporting period:

	At 31 March 2012	At 31 March 2013	At 31 December 2013	At 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	1,077	1,344	1,128	947
31 – 60 days	7	1	10	3
Over 60 days	1,410	–	–	–
	2,494	1,345	1,138	950

The average credit period on purchases of goods is 30 days for the Relevant Periods. The Target B Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

23. AMOUNT(S) DUE TO DIRECTORS / RELATED COMPANIES

The amount(s) due to directors/related companies are unsecured, non-interest bearing and repayable on demand.

	At 31 March		At 31 December	At 31 March
	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Directors				
Mr. Chui Wai Kwan *(Note i and ii)*	16,425	16,265	–	–
Mr. Chui Pui Kwan *(Note ii)*	16,425	16,264	50	–
Fullbond Properties Limited	5,340	5,287	1,689	1,689
Professional Guide Enterprise Limited *(Note ii)*	–	–	10,427	927
	38,190	37,816	12,166	2,616
Related companies				
FLM HK *(Note iii)*	47	–	–	567
Loyal Wealth Enterprise Limited ("**Loyal Wealth**") *(Note iv)*	–	–	–	152
	47	–	–	719

Notes:

(i) Mr. Chui Wai Kwan is resigned on 4 June 2013.

(ii) On 4 June 2013, Professional Guide Enterprise Limited, one of the directors of the Target B, has acquired the debt due from Mr. Chui Pui Kun and Mr. Chui Wai Kwan in aggregate amount of approximately of HK$32,528,000.

(iii) FLM HK and the Target B Group have a common director during the Relevant Periods.

(iv) Loyal Wealth and the Target B Group have a common director since 4 June 2013.

24. DEFERRED TAX ASSETS

The followings are the major deferred tax (liabilities) assets recognised and movements thereon during the Relevant Periods:

	Accelerated tax depreciation
	HK$'000
At 1 April 2011	(55)
Credited to profit or loss *(Note 11)*	246
At 31 March 2012	191
Credited to profit or loss *(Note 11)*	288
At 31 March 2013	479
Charged to profit or loss *(Note 11)*	(152)
At 31 December 2013	327
Charged to profit or loss *(Note 11)*	(22)
At 31 March 2014	305

25. SHARE CAPITAL

	Number of ordinary shares			
	At 31 March		At 31 December	At 31 March
	2012	2013	2013	2014
Authorised:				
Ordinary shares of HK$1,000 each				
At the beginning of the year/period	1,700	1,700	1,700	1,700
Transition to new Company Ordinance *(Note)*	–	–	–	(1,700)
At the end of the year/period	1,700	1,700	1,700	–

	At 31 March		At 31 December	At 31 March
	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Issued and fully paid:				
1,000 ordinary shares of HK$1,000 each *(Note)*	1,000	1,000	1,000	1,000

Note: In accordance with the provisions of the new Hong Kong Companies Ordinance, Cap. 622, as from its commencement on 3 March 2014, the authorised share capital of a company and the par value of a company's shares were abolished. As a result, the Target B has no longer has an authorised share capital and its shares ceased to have a par value as from 3 March 2014.

26. STATEMENTS OF FINANCIAL POSITION OF THE TARGET B

	Notes	At 31 March 2012 HK$'000	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment		4,023	1,348	1,612	1,531
Deferred tax assets		513	829	774	759
Investment in a subsidiary	*a*	10	10	10	10
		4,546	2,187	2,396	2,300
CURRENT ASSETS					
Inventories		21,124	12,118	8,678	7,394
Trade and other receivables		1,964	2,835	2,432	2,020
Amount due from a director		–	4,745	–	–
Amounts due from related companies		–	454	1,106	2
Amount due from a related party		–	–	3	3
Loan to a subsidiary	*a*	40,000	40,000	40,000	40,000
Tax recoverable		–	49	–	–
Bank balances and cash		9,840	14,164	6,753	2,399
		72,928	74,365	58,972	51,818
CURRENT LIABILITIES					
Trade and other payables		3,564	2,653	3,529	2,281
Amounts due to directors		38,190	37,816	12,166	2,616
Amounts due to related companies		47	–	–	719
Amount due to a subsidiary	*a*	14,331	14,990	15,503	15,646
Tax liabilities		546	–	1,381	110
		56,678	55,459	32,579	21,372
NET CURRENT ASSETS		16,250	18,906	26,393	30,446
NET ASSETS		20,796	21,093	28,789	32,746
CAPITAL AND RESERVE					
Share capital		1,000	1,000	1,000	1,000
Retained earnings	*b*	19,796	20,093	27,789	31,746
TOTAL EQUITY		20,796	21,093	28,789	32,746

Notes:

(a) The investment in a subsidiary represents cost of unlisted shares of the subsidiary. Details of subsidiary at the end of the Relevant Periods are shown on Note 27 to the Financial Information. The amount due to a subsidiary is unsecured, non-interest bearing and repayable on demand. The loan to a subsidiary is unsecured, bear interest of 4.25% per annum and repayable on demand.

(b) Retained earnings of the Target B

	HK$'000
At 31 March 2011	13,820
Profit and total comprehensive income for the year	8,976
Interim dividend *(Note 15)*	(3,000)
At 31 March 2012	19,796
Profit and total comprehensive income for the year	8,497
Interim dividend *(Note 15)*	(8,200)
At 31 March 2013	20,093
Profit and total comprehensive income for the period	7,696
At 31 December 2013	27,789
Profit and total comprehensive income for the period	3,957
At 31 March 2014	31,746

27. INVESTMENT IN A SUBSIDIARY

Particular of the subsidiary at each of the Relevant Periods are as follows:

Name of subsidiary	Place and date of incorporation	Class of shares held	Particulars of issued and fully paid up share capital	Proportion ownership interest held by the Company								Proportion of voting power held by the Target B Group				Principal activity
				Directly				Indirectly								
				At 31 March 2012	At 31 March 2013	At 31 December 2013	At 31 March 2014	At 31 March 2012	At 31 March 2013	At 31 December 2013	At 31 March 2014	At 31 March 2012	At 31 March 2013	At 31 December 2013	At 31 March 2014	
Champion Tree Investment Limited 萬里寧投資有限公司	Hong Kong 28 February 1991	Ordinary	10,000 shares of HK$10,000 with no par value *(Note)*	100%	100%	100%	100%	–	–	–	–	100%	100%	100%	100%	Property investment

Note:

In accordance with the provisions of the new Hong Kong Companies Ordinance, Cap. 622, as from its commencement on 3 March 2014, the authorised share capital of a company and the par value of a company's shares were abolished.

28. OPERATING LEASE COMMITMENTS

At the end of each of the reporting period, the Target B Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 March 2012	At 31 March 2013	At 31 December 2013	At 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	–	–	18	18
In the second to fifth years inclusive	–	–	14	9
	–	–	32	27

Operating lease payments represent rental payable by the Target B Group for certain of its office equipment. Lease is negotiated for term of Nil, Nil, 2 years and 2 years at 31 March 2012, 31 March 2013, 31 December 2013 and 31 March 2014 respectively, and no arrangements have been entered into for contingent rental payment.

29. RELATED PARTY TRANSACTIONS

(a) Balances

Details of balances with related parties are set out in Notes 19, 20 and 23 to the Financial Information respectively.

(b) Compensation of key management personnel

The remuneration of the directors of the Target B, which also represented the key management personnel of the Target B Group during the Relevant Periods were disclosed in Note 13 to the Financial Information.

(c) During the Relevant Periods, the Target B Group entered into the following transactions with related parties:

i) Transaction with a director of the Target B

	Year ended 31 March 2012	Year ended 31 March 2013	Nine months ended 31 December 2013	Three months ended 31 March 2013	Three months ended 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Inventories sold to: – Mr. Chui Wai Kwan	–	4,730	–	–	–

ii) Transactions with related companies / party

	Year ended 31 March		Nine months ended 31 December	Three months ended 31 March	
	2012	2013	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Related companies					
Proceeds from sales of raw material to:					
– FLM HK *(Note 1)*	–	900	1,130	431	–
Purchased of raw material from:					
– FLM HK *(Note 1)*	–	–	–	–	275
Purchased from					
– Loyal Wealth *(Note 2)*	–	–	408	–	152
Charged by:					
– FLM HK *(Note 1)*	1,117	589	229	109	21
Charged to:					
Able Wind *(Note 3)*	–	–	2	–	2
A related party:					
Inventories sold to:					
– Mr. Chui Tak Keung, Duncan	–	–	21	–	–

The directors of the Target B considered that the raw material/inventories sold to FLM HK, Mr. Chui Wai Kwan and Mr. Chui Tak Keung Duncan are priced in arm's length negotiation.

Notes:

(1) FLM HK and the Target B Group have a common director during the Relevant Periods.

(2) Loyal Wealth and the Target B Group have a common director since 4 June 2013.

(3) The ultimate holding company of Able Wind and the Target B Group have a common director since 4 June 2013.

30. MAJOR NON-CASH TRANSACTION

There was no significant non-cash transaction during the Relevant Periods.

31. CAPITAL COMMITMENTS

The Target B Group had the following capital commitments at the end of each of the reporting period.

	At 31 March 2012 HK$'000	At 31 March 2013 HK$'000	At 31 December 2013 HK$'000	At 31 March 2014 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the Financial Information	–	–	–	104

(II) EVENTS AFTER THE RELEVANT PERIODS

In August 2014, the Target B has obtained a loan facility to the extent of HK$150,000,000 from a financial institution (the "**Loan Facility**") so as to provide financial support of up to HK$40,000,000 to the Group. The Loan Facility is secured by property held by CTI and guaranteed by one of the directors of the immediate holding company, FLM HK and the SPV.

(III) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target B Group in respect of any period subsequent to 31 March 2014 and up to the date of this report. No dividend or distribution has been declared or made by the Target B in respect of any period subsequent to 31 March 2014.

Yours faithfully,

ZHONGLEI (HK) CPA Company Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256

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The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, ZHONGLEI (HK) CPA Company Limited.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(I) Basis of Preparation of the Unaudited Pro Forma Consolidated Financial Information of the Enlarged Group

As detailed in the section headed "Letter from the Board" contained in this Circular, on 30 September 2013, the exercise of the conversion rights attached to the convertible bonds of Professional Guide Enterprise Limited (the "**SPV**") with the principal amount of HK$200,000,000 was resolved by the board of directors of the Company (the "**Proposed Conversion**"). Upon the completion of the Proposed Conversion, a total of 10,000 SPV Conversion Shares will be issued to Rich Paragon Limited (the "**Subscriber**"), an indirect wholly-owned subsidiary of the Company, representing 50% of the issued share capital of the SPV as enlarged by the conversion.

The unaudited pro forma financial information is prepared to provide information on the Company and its subsidiaries (collectively known as the "**Group**") as a result of the completion of the Proposed Conversion (the "**Unaudited Pro Forma Financial Information**") on the basis as detailed in the notes set out below for illustrating the effect of the (i) Proposed Conversion; and (ii) exercise of the put option to acquire the remaining 50% equity interests of the SPV (the "**Further Acquisition**") (together with the Proposed Conversion collectively referred to as the "**SPV Acquisition**"), as if the Proposed Conversion and the SPV Acquisition had taken place on 30 June 2014 for the preparation of the unaudited pro forma consolidated statement of financial position. For the preparation of the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows, it is assumed that the Proposed Conversion and the SPV Acquisition had taken place on 1 May 2013.

The Unaudited Pro Forma Financial Information has been prepared in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**"), for the purpose of illustrating the effect of the Proposed Conversion and the SPV Acquisition.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only and because of its hypothetical nature, it does not purport to represent what the results and cash flows, or financial position of the Enlarged Group would have been upon the completion of the Proposed Conversion and the SPV Acquisition in any future periods or on any future dates.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2014 is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2014 as extracted from the unaudited condensed consolidated financial statements as set out in the latest published interim report of the Group for the six months ended 30 June 2014; and (ii) the audited consolidated statement of financial position of the SPV and its subsidiaries (collectively known as the "**SPV Group**") as at 31 March 2014 as extracted from the Accountants' Report on the SPV Group set out in Appendix II to this Circular, after making pro forma adjustments to the Proposed Conversion and the SPV Acquisition, as if the Proposed Conversion and the SPV Acquisition had been completed on 30 June 2014.

The unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the eight months ended 31 December 2013 are prepared based on (i) the audited consolidated statement of profit or loss, audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the eight months ended 31 December 2013 as extracted from the audited consolidated financial statements set out in the latest published annual report of the Group; and (ii) the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the SPV Group for the nine months ended 31 December 2013 as extracted from the Accountants' Report on the SPV Group set out in Appendix II to this Circular, after making pro forma adjustments to the Proposed Conversion and the SPV Acquisition, as if the Proposed Conversion and the SPV Acquisition had been completed on 1 May 2013.

These pro forma adjustments are (i) directly attributable to the Proposed Conversion and the SPV Acquisition and not relating to other future events and decisions; and (ii) factually supportable based on terms of the SPV convertible bonds subscription agreement entered between the SPV, the Company, the Subscriber, Mr. Chui Pui Kun, Coqueen Company Limited and Mr. Chui Tak Keung, Duncan dated 17 December 2012 (the "**SPV Subscription Agreement**").

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the (1) published audited consolidated financial statements of the Group for the eight months ended 31 December 2013; (2) published unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2014; and (3) other financial information included elsewhere in this Circular.

Scenario 1: Assuming completion of the Proposed Conversion

(II) Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

	The Group At 30 June 2014		Pro forma adjustments			The Enlarged Group At 30 June 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)					(Unaudited)
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
Non-current assets						
Interest in a joint venture	–	230,786				230,786
Plant and equipment	13,330					13,330
Deposits paid	26,000		(20,000)			6,000
Deposits paid to a related company	–		20,000			20,000
Loan receivables	69,398			(69,398)		–
Loan receivables from joint venture	–			69,398		69,398
Convertible instruments designated as financial assets at fair value through profit or loss	230,786	(230,786)				–
	339,514					339,514
Current assets						
Inventories	3,370					3,370
Trade and other receivables	11,874				(5,351)	6,523
Derivative financial assets	1,000					1,000
Held-for-trading investments	31,093					31,093
Amount due from joint venture	–				5,351	5,351
Bank balances and cash	1,438					1,438
	48,775					48,775
Current liabilities						
Trade and other payables	84,707					84,707
Other borrowings	326,000					326,000
Obligation under finance lease	30					30
Income tax payable	9,661					9,661
	420,398					420,398
Net current liabilities	(371,623)					(371,623)
Total assets less current liabilities	(32,109)					(32,109)

	The Group At 30 June 2014	Pro forma adjustments				The Enlarged Group At 30 June 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)					**(Unaudited)**
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	
Non-current liabilities						
Deferred tax liability	1,453					1,453
Deferred income	255					255
	1,708					1,708
Net liabilities	(33,817)					(33,817)
Capital and reserves						
Share capital	5,284					5,284
Reserves	(37,907)					(37,907)
Equity attributable to owners of the Company	(32,623)					(32,623)
Non-controlling interests	(1,194)					(1,194)
Total deficits	(33,817)					(33,817)

(III) Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Enlarged Group

	The Group Eight months ended 31 December 2013	Pro forma adjustments		The Enlarged Group Eight months ended 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)			**(Unaudited)**
	Note 1	*Note 6*	*Note 7*	
Continuing operations				
Turnover	29,064			29,064
Revenue	27,214			27,214
Cost of sales	(25,607)			(25,607)
Gross profit	1,607			1,607
Other operating income	4,924			4,924
Loss on redemption of convertible instruments designated as financial assets at fair value through profit or loss	(1,599)			(1,599)
Change in fair value of held-for-trading investments	6,879			6,879
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	74,584		(74,491)	93
Change in fair value of derivative financial assets	14,075			14,075
Impairment loss recognised in respect of available-for-sale financial assets	(500)			(500)
Written-off in respect of inventories	(1,063)			(1,063)
Impairment loss recognised in respect of other receivables/ deposit paid	(28,225)			(28,225)
Reversal of impairment loss in respect of loan receivables	30,000			30,000
Gain on settlement of loan and loan interest receivables	2,209			2,209
Reversal of impairment loss in respect of other receivables	1,791			1,791
Gain on disposal of a subsidiary	1,529			1,529
Share of result in a joint venture	–	1,847		1,847
Administrative expenses	(50,351)			(50,351)
Finance costs	(48,547)			(48,547)
Profit (loss) before tax	7,313			(65,331)
Income tax expense	(1,453)			(1,453)

	The Group Eight months ended 31 December 2013	Pro forma adjustments		The Enlarged Group Eight months ended 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)			**(Unaudited)**
	Note 1	*Note 6*	*Note 7*	
Profit (loss) for the period from continuing operations	5,860			(66,784)
Discontinued operation				
Loss for the period from discontinued operation	(45)			(45)
Profit (loss) for the period	5,815			(66,829)
Profit (loss) for the period attributable to owners of the Company				
– from continuing operations	5,873	1,847	(74,491)	(66,771)
– from discontinued operation	(45)			(45)
	5,828			(66,816)
Loss for the period attributable to non-controlling interests				
– from continuing operations	(13)			(13)
Profit (loss) for the period	5,815			(66,829)
Attributable to:				
Owners of the Company	5,828	1,847	(74,491)	(66,816)
Non-controlling interests	(13)			(13)
	5,815			(66,829)

(IV) Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group

	The Group Eight months ended 31 December 2013	Pro forma adjustments		The Enlarged Group Eight months ended 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)			**(Unaudited)**
	Note 1	*Note 6*	*Note 7*	
Profit (loss) for the period	5,815	1,847	(74,491)	(66,829)
Other comprehensive expense				
Item that has been reclassified to profit or loss:				
Realisation of translation reserve upon disposal of a subsidiary	(1,529)			(1,529)
Total comprehensive income (expenses) for the period	4,286			(68,358)
Total comprehensive income (expenses) attributable to:				
Owners of the Company	4,299	1,847	(74,491)	(68,345)
Non-controlling interests	(13)			(13)
	4,286			(68,358)

(V) Unaudited Pro Forma Consolidated Statement of Cash Flows of the Group

	The Group Eight months ended 31 December 2013	Pro forma adjustments		The Group Eight months ended 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)			(Unaudited)
	Note 1	*Note 6*	*Note 7*	
OPERATING ACTIVITIES				
Profit (loss) before tax				
– from continuing operations	7,313	1,847	(74,491)	(65,331)
– from discontinued operation	(45)			(45)
	7,268			(65,376)
Adjustments for:				
Loss on redemption of convertible instruments designated as financial assets at fair value through profit or loss	1,599			1,599
Change in fair value of held-for-trading investments	(6,879)			(6,879)
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	(74,584)		74,491	(93)
Change in fair value of derivative financial assets	(14,075)			(14,075)
Impairment loss recognised in respect of available-for-sale financial assets	500			500
Written-off in respect of inventories	1,063			1,063
Depreciation of plant and equipment	2,624			2,624
Finance costs	48,549			48,549
Interest income	(4,626)			(4,626)
Share of result of a joint venture	–	(1,847)		(1,847)
Gain on disposal of held-for-trading investments	(179)			(179)
Loss on disposal of plant and equipment	200			200
Impairment loss recognised in respect of other receivables/deposit paid	28,225			28,225
Reversal of impairment loss in respect of loan receivables	(30,000)			(30,000)
Reversal of impairment loss in respect of other receivable	(1,791)			(1,791)
Gain on settlement of loan and loan interest receivables	(2,209)			(2,209)
Gain on disposal of a subsidiary	(1,529)			(1,529)
Purchase of plant and equipment at nil consideration	(64)			(64)
Loss on written-off of plant and equipment	141			141

	The Group Eight months ended 31 December 2013	Pro forma adjustments		The Group Eight months ended 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)			**(Unaudited)**
	Note 1	*Note 6*	*Note 7*	
Operating cash flows before movements in working capital	(45,767)			(45,767)
Increase in inventories	(2,514)			(2,514)
Decrease in trade and other receivables	7,552			7,552
Increase in trade and other payables	7,631			7,631
Decrease in held-for-trading investments	848			848
NET CASH USED IN OPERATING ACTIVITIES	(32,250)			(32,250)
INVESTING ACTIVITIES				
Proceeds from repayment of loan receivables	46,200			46,200
Proceeds from disposal of plant and equipment	50			50
Acquisition of convertible bonds	(180,000)			(180,000)
Increase in loans receivables	(130,198)			(130,198)
Purchase of plant and equipment	(11,216)			(11,216)
Proceeds from disposal of a subsidiary	29,939			29,939
Redemption of convertible instruments designated as financial assets at fair value through profit or loss	9,500			9,500
Interest received on other receivables	579			579
Interest received on loan receivables	224			224
Interest received on convertible instruments designated as financial assets at fair value through profit or loss	1,261			1,261
NET CASH USED IN INVESTING ACTIVITIES	(233,661)			(233,661)
FINANCING ACTIVITIES				
Proceeds from other borrowings, net of agency fee	311,500			311,500
Repayment for other borrowings	(10,000)			(10,000)
Repayment of obligation under finance lease	(38)			(38)
Interest paid on finance lease	(2)			(2)
Interest paid on other borrowings	(24,224)			(24,224)
Proceeds from issue of non-listed warrants, net	989			989
Proceed from issue of shares upon conversion of non-listed warrants	7,000			7,000
NET CASH FROM FINANCING ACTIVITIES	285,225			285,225

	The Group Eight months ended 31 December 2013	Pro forma adjustments		The Group Eight months ended 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)			(Unaudited)
	Note 1	*Note 6*	*Note 7*	
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,314			19,314
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,595			2,595
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	21,909			21,909
Represented by:				
Bank balances and cash	21,909			21,909

Notes:

1) For the preparation of unaudited pro forma consolidated statement of financial position, the amounts are extracted from the unaudited interim result of the Group for the six months ended 30 June 2014. For the preparation of unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows, the amounts are extracted from the consolidated financial statements of the Group for the eight months ended 31 December 2013 as set out in the latest published annual report of the Group.

2) The adjustment represents an adjustment for the principal amount of HK$200,000,000 convertible bonds of the SPV (the "**SPV CB**") with the fair value approximately of HK$230,786,000 upon the completion of the Proposed Conversion. According to the Shareholders' Agreement, the directors of the Company considered that the control of relevant activities of the SPV Group was jointly held by the board of the SPV and the management committee of the SPV. Although the Company is entitled to appoint three out of five directors for the board of the SPV, the Company is not entitled to nominate any member in the management committee. Hence, given that the pro forma shareholding of the SPV held by the Group as at 1 May 2013/30 June 2014 immediately after the Proposed Conversion is 50% and according to relevant facts and contract terms of the CB Subscription Agreement, and the Shareholders' Agreement which shall be executed upon the completion of the Proposed Conversion and according to the International Financial Reporting Standard 11 *Joint Arrangements*, the SPV Group is a joint venture of the Group.

   The reconciliation of the interest of joint venture is as follow:

	HK$'000
Proportion of the Group's ownership interest in the SPV Group *(Note a)*	139,276
Goodwill *(Note b)*	91,510
Carrying amount of the Group's interest in the SPV Group	230,786

a) The calculation of share of net assets of the SPV Group is as follow:

	HK$'000
Net assets of the SPV Group as at 31 March 2014 as extracted from the accountant report	156,495
Add: Liabilities component of the SPV CB *(Note c)*	181,291
Less: Equity interest attributable to non-controlling interests	(59,234)
Net assets of the SPV Group as at 31 March 2014 after deduction of liabilities component of the SPV CB and non-controlling interests	278,552
Pro forma equity interest attributable to the Group as at 30 June 2014 immediately after the Proposed Conversion	50%
Share of net assets of the SPV Group	139,276

b) Goodwill arising from the acquisition of the joint venture is tested for impairment at least annually or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable in accordance with the accounting policies of the Group and the requirements of International Accounting Standard 36 ''Impairment of Assets'' (''IAS 36''). Goodwill will be allocated to the cash generating units (''CGUs'') that are expected to benefit from the synergies of the acquisition of joint venture for the purpose of impairment testing. The results of the Enlarged Group may be affected by impairment loss whenever the recoverable amount of CGUs is lower than the carrying amount.

Based on the existing business model of the Enlarged Group, the directors of the Company have performed the necessary assessment on impairment in accordance with the requirement under IAS 36. The high-end Chinese restaurant business operated by the SPV Group is the CGUs for the purpose of impairment testing of goodwill.

The directors of the Company conducted a review of the SPV Group's goodwill and appointed an independent professional valuer to assist them to determine the recoverable amount.

The recoverable amount of goodwill has been determined by using value-in-use calculation. The cash flow projections were prepared from financial budgets approved by the directors of the Company covering a 5 years with a pre-tax discount rate of 14%. Cash flows beyond the forecast period were extrapolated using a 3% steady growth rate. This growth rate for the relevant growth forecasts which does not exceed the average long-term growth rate for the relevant industry. Based on the above basis and assumptions, no impairment loss have been recognised to the profit or loss for that period ended and as at 30 June 2014 in respect of the goodwill.

c) As the liabilities component of SPV CB included in the Accountants' Report of the SPV Group would become zero upon the completion of the Proposed Conversion, the amount approximately of HK$181,291,000 has been added back in calculating the sharing of net assets of the SPV Group in the above table.

3) At 30 June 2014, the deposits paid approximately of HK$20,000,000 represents the amount paid to Coqueen Company Limited ("Coqueen"), the immediate holding company of the SPV. The adjustment represents the reclassification of amount due from Coqueen whose position within the Group changed upon the completion of the Proposed Conversion.

4) At 30 June 2014, the loan receivables approximately of HK$69,398,000 represent a loan granted to the SPV (the "**SPV Loan**"). The adjustment represents the reclassification of amount due from the SPV which become the joint venture of the Group upon the completion of the Proposed Conversion.

5) At 30 June 2014, included in the trade and other receivables, there was interest and other receivable with a total approximately of HK$5,351,000 from the SPV Loan and SPV respectively. The adjustment represents the reclassification of amount due from the SPV which become the joint venture of the Group upon the completion of the Proposed Conversion.

6) The adjustment represents the share of profit of the SPV Group for the eight months ended 31 December 2013 and is classified as share of result in a joint venture, as if the Proposed Conversion had been completed on 1 May 2013.

This unaudited pro forma adjustment will have continuing effect on the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group. The calculation of share of results of the SPV Group is as follow:

	HK$'000
Profit for the period attributable to owners of the SPV from 1 April 2013 to 31 December 2013 as extracted from the Accountant Report *(Note a)*	3,694
Pro forma equity interest attributable to the Group as at 1 May 2013 immediately after the Proposed Conversion	50%
Share of results of the SPV Group	1,847

a) For the purpose of applying the equity method in accounting for the interest in a joint venture, the consolidated financial statements of the SPV Group for the period from 1 April 2013 to 31 December 2013 have been used as the Company considered that there is no significant effect of transactions between 1 April 2013 to 30 April 2013 and therefore no adjustments have been made.

7) The adjustment reflects the reversal of fair value change of the SPV CB of approximately HK$74,491,000 for the eight months ended 31 December 2013. This unaudited pro forma adjustment will not have continuing effect on the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group.

8) Apart from the above, no adjustments have been made to the unaudited pro forma consolidated statement of financial position, to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2013 for the Group and the SPV Group where applicable and unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows to reflect any trading results or other transactions of the Group and SPV Group entered into subsequent to 1 May 2013 for the Group and 1 April 2013 for the SPV Group where applicable.

Scenario 2: Assuming completion of the Proposed Conversion and the exercise of put option by Coqueen Company Limited

(I) Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

	The Group At 30 June 2014	SPV Group At 31 March 2014	Pro forma adjustments							The Enlarged Group At 30 June 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)								(Unaudited)
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	*Note 9*	
Non-current assets										
Goodwill	–	–				142,453				142,453
Intangible assets	–	49,900				7,900				57,800
Investments in subsidiaries	–	–	230,786		230,786	(461,572)				–
Properties, plant and equipment	13,330	505,430				44,344				563,104
Available-for-sale financial assets	–	1								1
Deposits paid	26,000	–			(20,000)					6,000
Loan receivables – non-current portion	69,398	–					(69,398)			–
Deferred tax assets	–	1,625								1,625
Convertible instruments designated as financial assets at fair value through profit or loss	230,786	–	(230,786)							–
	339,514	556,956								770,983
Current assets										
Inventories	3,370	22,613								25,983
Trade and other receivables	11,874	21,786							(5,351)	28,309
Derivative financial assets	1,000	–								1,000
Held-for-trading investments	31,093	–								31,093
Amounts due from related companies	–	407								407
Amount due from a director	–	3								3
Tax recoverable	–	631								631
Bank balances and cash	1,438	8,665			(210,786)					(200,683)
	48,775	54,105								(113,257)
Current liabilities										
Trade and other payables	84,707	11,743							(542)	95,908
Amount due to the holding company	–	19,903								19,903
Amounts due to related companies	–	4,809							(4,809)	–
Amounts due to directors	–	180								180
Bank and other borrowings	326,000	55,333								381,333
Obligation under finance lease	30	–								30
Income tax payable	9,661	110								9,771
	420,398	92,078								507,125
Net current liabilities	(371,623)	(37,973)								(620,382)
Total assets less current liabilities	(32,109)	518,983								150,601

	The Group At 30 June 2014	SPV Group At 31 March 2014				Pro forma adjustments				The Enlarged Group At 30 June 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	**(Audited)**								**(Unaudited)**
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	*Note 9*	
Non-current liabilities										
Convertible bonds	–	181,291		(181,291)						–
Amounts due to related companies	–	–						48,159		48,159
Bank and other borrowings	–	117,557					(69,398)	(48,159)		–
Deferred tax liability	1,453	63,640				7,317				72,410
Deferred income	255	–								255
	1,708	362,488								120,824
Net (liabilities) assets	(33,817)	156,495								29,777
Capital and reserves										
Share capital	5,284	78		78		(156)				5,284
Share premium	248,175	–		206,593		(206,593)				248,175
Convertible bonds reserve	–	25,380		(25,380)						–
Warrants reserve	893	–								893
Capital reserve	–	64,438				(64,438)				–
(Accumulated losses) retained profits	(286,975)	7,365				(7,365)				(286,975)
Equity attributable to owners of the Company	(32,623)	97,261		181,291		(278,552)				(32,623)
Non-controlling interests	(1,194)	59,234				4,360				62,400
Total (deficit) equity	(33,817)	156,495								29,777

(II) Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Enlarged Group

	The Group Eight months ended 31 December 2013	SPV Group Nine months ended 31 December 2013	Pro forma adjustments					The Enlarged Group Eight months ended 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	**(Audited)**						**(Unaudited)**
	Note 1	*Note 2*	*Note 10*	*Note 11*	*Note 12*	*Note 13*	*Note 14*	
Continuing operations								
Turnover	29,064	90,228			(777)			118,515
Revenue	27,214	90,228			(777)			116,665
Cost of sales	(25,607)	(31,879)			777			(56,709)
Gross profit	1,607	58,349						59,956
Other operating income	4,924	2,358		(2,964)	(71)			4,247
Loss on redemption of convertible instruments designated as financial assets at fair value through profit or loss	(1,599)	–						(1,599)
Change in fair value of held-for-trading investments	6,879	–						6,879
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	74,584	–	(74,491)					93
Change in fair value of derivative financial assets	14,075	–						14,075
Impairment loss recognised in respect of available-for-sale financial assets	(500)	–						(500)
Written-off in respect of inventories	(1,063)	–						(1,063)
Impairment loss recognised in respect of other receivables/deposit paid	(28,225)	–						(28,225)
Reversal of impairment loss in respect of loan receivables	30,000	–						30,000
Gain on settlement of loan and loan interest receivables	2,209	–						2,209
Reversal of impairment loss in respect of other receivables	1,791	–						1,791
Gain on disposal of a subsidiary	1,529	–						1,529
Administrative expenses	(50,351)	(43,132)			71		(1,744)	(95,156)
Finance costs	(48,547)	(8,994)		2,964		4,600		(49,977)
Profit (loss) before tax	7,313	8,581	(74,491)			4,600	(1,744)	(55,741)
Income tax expense	(1,453)	(3,094)					288	(4,259)
Profit (loss) for the period from continuing operations	5,860	5,487	(74,491)			4,600	(1,456)	(60,000)
Discontinued operation								
Loss for the period from discontinued operation	(45)	–						(45)
Profit (loss) for the period	5,815	5,487						(60,045)

	The Group Eight months ended 31 December 2013	SPV Group Nine months ended 31 December 2013	Pro forma adjustments					The Enlarged Group Eight months ended 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)						(Unaudited)
	Note 1	*Note 2*	*Note 10*	*Note 11*	*Note 12*	*Note 13*	*Note 14*	
Profit (loss) for the period attributable to owners of the Company								
– from continuing operations	5,873	3,694	(74,491)			4,600	(1,299)	(61,623)
– from discontinued operation	(45)	–						(45)
	5,828	3,694						(61,668)
(Loss) profit for the period attributable to non-controlling interests								
– from continuing operations	(13)	1,793					(157)	1,623
Profit (loss) for the period	5,815	5,487						(60,045)
Attributable to:								
Owners of the Company	5,828	3,694	(74,491)			4,600	(1,299)	(61,668)
Non-controlling interests	(13)	1,793					(157)	1,623
	5,815	5,487						(60,045)

(III) Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group

	The Group Eight months ended 31 December 2013	SPV Group Nine months ended 31 December 2013	Pro forma adjustments					The Enlarged Group Eight months ended 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)						(Unaudited)
	Note 1	*Note 2*	*Note 10*	*Note 11*	*Note 12*	*Note 13*	*Note 14*	
Profit (loss) for the period	5,815	5,487	(74,491)			4,600	(1,456)	(60,045)
Other comprehensive expense								
Item that has been reclassified to profit or loss:								
Realisation of translation reserve upon disposal of a subsidiary	(1,529)	–						(1,529)
Total comprehensive income (expenses) for the period	4,286	5,487						(61,574)
Total comprehensive income (expenses) attributable to:								
Owners of the Company	4,299	3,694	(74,491)			4,600	(1,299)	(63,197)
Non-controlling interests	(13)	1,793					(157)	1,623
	4,286	5,487						(61,574)

(IV) Unaudited Pro Forma Consolidated Statement of Cash Flows of the Enlarged Group

	The Group Eight months ended 31 December 2013	SPV Group Nine months ended 31 December 2013	Pro forma adjustments							The Enlarged Group Eight months ended 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	**(Audited)**								**(Unaudited)**
	Note 1	*Note 2*	*Note 5*	*Note 7*	*Note 10*	*Note 11*	*Note 13*	*Note 14*	*Note 15*	
OPERATING ACTIVITIES										
Profit (loss) before tax										
– from continuing operations	7,313	8,581			(74,491)		4,600	(1,744)		(55,741)
– from discontinued operation	(45)	–								(45)
	7,268	8,581								(55,786)
Adjustments for:										
Loss on redemption of convertible instruments designated as financial assets at fair value through profit or loss	1,599	–								1,599
Change in fair value of held-for-trading investments	(6,879)	–								(6,879)
Change in fair value of convertible instruments designated as financial assets at fair value through profit or loss	(74,584)	–			74,491					(93)
Change in fair value of derivative financial assets	(14,075)	–								(14,075)
Impairment loss recognised in respect of available-for-sale financial assets	500	–								500
Written-off in respect of inventories	1,063	–								1,063
Depreciation of plant and equipment	2,624	7,502						1,744		11,870
Finance costs	48,549	8,994				(2,964)	(4,600)			49,979
Interest income	(4,626)	(18)				2,964				(1,680)
Gain on disposal of held-for-trading investments	(179)	–								(179)
Loss on disposal of plant and equipment	200	–								200
Impairment loss recognised in respect of other receivables	28,225	–								28,225
Reversal of impairment loss in respect of loan receivables	(30,000)	–								(30,000)
Reversal of impairment loss in respect of other receivable	(1,791)	–								(1,791)
Gain on settlement of loan and loan interest receivables	(2,209)	–								(2,209)
Gain on disposal of a subsidiary	(1,529)	–								(1,529)
Purchase of plant and equipment at nil consideration	(64)	–								(64)
Loss on written-off of plant and equipment	141	–								141
Reversal of provision of long service payments	–	(89)								(89)

	The Group Eight months ended 31 December 2013 HK$'000 (Audited) Note 1	SPV Group Nine months ended 31 December 2013 HK$'000 (Audited) Note 2	Pro forma adjustments HK$'000 Note 5	HK$'000 Note 7	HK$'000 Note 10	HK$'000 Note 11	HK$'000 Note 13	HK$'000 Note 14	HK$'000 Note 15	The Enlarged Group Eight months ended 31 December 2013 HK$'000 (Unaudited)
Operating cash flows before movements in working capital	(45,767)	24,970								(20,797)
(Increase) decrease in inventories	(2,514)	6,973								4,459
Decrease (increase) in trade and other receivables	7,552	(482)								7,070
Increase in trade and other payables	7,631	4,797								12,428
Decrease in held-for-trading investments	848	–								848
Decrease in amount due from a director	–	1,875								1,875
Decrease in amounts due from related companies	–	422								422
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(32,250)	38,555								6,305
INVESTING ACTIVITIES										
Proceeds from repayment of loan receivables	46,200	–								46,200
Proceeds from disposal of plant and equipment	50	–								50
Interest received on bank deposits	–	18								18
Acquisition of convertible bonds	(180,000)	–							180,000	–
Increase in loans receivables	(130,198)	–		86,498						(43,700)
Purchase of plant and equipment	(11,216)	(872)								(12,088)
Acquisition of subsidiaries	–	(403,031)	(210,786)							(613,817)
Proceeds from disposal of a subsidiary	29,939	–								29,939
Redemption of convertible instruments designated as financial assets at fair value through profit or loss	9,500	–								9,500
Interest received on other receivables	579	–								579
Interest received on loan receivables	224	–								224
Interest received on convertible instruments designated as financial assets at fair value through profit or loss	1,261	–								1,261
NET CASH USED IN INVESTING ACTIVITIES	(233,661)	(403,885)								(581,834)

	The Group Eight months ended 31 December 2013	SPV Group Nine months ended 31 December 2013	Pro forma adjustments							The Enlarged Group Eight months ended 31 December 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)								(Unaudited)
	Note 1	*Note 2*	*Note 5*	*Note 7*	*Note 10*	*Note 11*	*Note 13*	*Note 14*	*Note 15*	
FINANCING ACTIVITIES										
Proceeds from issuance of convertible bonds	–	180,000							(180,000)	–
Proceeds from new bank and other borrowings, net of agency fee	311,500	213,357		(86,498)						438,359
Repayment of bank and other borrowings	(10,000)	(51,370)								(61,370)
Repayment of obligation under finance lease	(38)	–								(38)
Interest paid on finance lease	(2)	–								(2)
Interest paid on bank and other borrowings	(24,224)	(38)								(24,262)
Proceeds from issue of non-listed warrants, net	989	–								989
Proceed from issue of shares upon conversion of non-listed warrants	7,000	–								7,000
Decrease in amount due from the holding company	–	45,814								45,814
NET CASH FROM FINANCING ACTIVITIES	285,225	387,763								406,490
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,314	22,433								(169,039)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,595	–								2,595
CASH AND CASH EQUIVALENTS AT THE END THE PERIOD	21,909	22,433								(166,444)
Represented by:										
Bank balances and cash	21,909	22,433	(210,786)							(166,444)

Notes:

1) For the preparation of unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows, the amounts are extracted from the consolidated financial statements of the Group for the eight months ended 31 December 2013 as set out in the latest published annual report of the Group.

2) Upon the completion of the SPV Acquisition, the SPV become a wholly-owned subsidiary of the Company. The adjustment represents the consolidation of the SPV Group's financial results. The amounts are extracted from the Accountants' Report on the SPV Group as set out in Appendix II to this Circular.

3) The adjustment represents an adjustment for the principal amount of HK$200,000,000 convertible bonds of the SPV (the "SPV CB") with the fair value approximately of HK$230,786,000 upon the completion of the Proposed Conversion in the book of the Company.

4) The adjustment represents an adjustment for issuing 10,000 ordinary shares of SPV at a conversion price of HK$20,000 per conversion share and cancellation of the SPV CB upon the completion of the Proposed Conversion in the book of the SPV.

5) The adjustment represents the deemed consideration of HK$230,786,000 paid by the Group to Coqueen Company Limited ("**Coqueen**") for acquiring the remaining 50% equity interests in SPV ("Further Acquisition"), in the event that the put option is exercised. For the pro forma financial information purpose, the directors of the Company assumed that the consideration for acquiring the remaining 50% equity interests in the SPV is equal to the fair value of the SPV CB of approximately HK$230,786,000 as at 30 June 2014 and the consideration will be settled by utilisation of further acquisition deposit approximately of HK$20,000,000 and the remaining balance of approximately HK$210,786,000 will be funded by internal resources of the Company. As the consideration has not been determined at the date of this report, the actual consideration may be substantially different with the deemed consideration of HK$230,786,000.

6) Upon the completion of the Proposed Conversion and the exercise of put option as detailed in the Circular, SPV would become a wholly-owned subsidiary of the Company.

   Under International Financial Reporting Standard 3 (Revised) – Business Combinations, acquisition method of accounting is applied to account for the Proposed Conversion and the Further Acquisition (collectively known as the "**SPV Acquisition**"). The goodwill arising from the SPV Acquisition is calculated as below:

   a) Consideration transferred

	Notes	*HK$'000*
Fair value of convertible instruments designated as financial assets at fair value through profit or loss	*3*	230,786
Deemed consideration for Further Acquisition	*5*	230,786
		461,572

b) Assets and liabilities recognised at the date of the SPV Acquisition, based on the latest published financial information of the SPV Group as at 31 March 2014 together with the latest valuation report as of 30 June 2014, are as follow:

	HK$'000
Intangible assets	57,800
Properties, plant and equipment	549,774
Available-for-sale financial assets	1
Deferred tax assets	1,625
Inventories	22,613
Trade and other receivables	21,786
Amount due from related companies	407
Amount due from a director	3
Tax recoverable	631
Bank balances and cash	8,665
Trade and other payables	(11,743)
Amount due to the holding company	(19,903)
Amounts due to related companies	(4,809)
Amounts due to directors	(180)
Bank and other borrowings – current	(55,333)
Income tax payable	(110)
Convertible bonds	(181,291)
Bank and other borrowings – non-current	(117,557)
Deferred tax liabilities	(70,957)
Net assets acquired	201,422

For the purpose of this Unaudited Pro Forma Financial Information of the Enlarged Group, the directors of the Company had assessed whether there is material fair value adjustment of the assets and liabilities being acquired based on their knowledge of the business of the SPV Group as well as the assistance from an independent valuer. Based on the currently available information, a fair value adjustment approximately of HK$7,900,000, HK$44,344,000 and HK$7,317,000 are made to the intangible assets, properties, plant and equipment and deferred tax liabilities respectively. The fair value change attributable to the non-controlling interests was approximately of HK$4,360,000 at the date of SPV Acquisition.

The fair values of the assets and liabilities being acquired may be subject to change after further assessment by the directors at the completion of SPV Acquisition.

c) Goodwill arising on the SPV Acquisition

	Notes	*HK$'000*
Consideration transferred	*6(a)*	461,572
Less: Net assets acquired	*6(b)*	(201,422)
Less: Liabilities component of the SPV CB	*6(c)(i)*	(181,291)
Add: Non-controlling interests		63,594
		142,453

i) As the liabilities component of the SPV CB included in net assets acquired would become zero upon the completion of the Proposed Conversion, the amount approximately of HK$181,291,000 has been deducted in calculating goodwill in the above table.

Goodwill arising from the SPV Acquisition is tested for impairment at least annually or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable in accordance with the accounting policies of the Group and the requirements of International Accounting Standard 36 "Impairment of Assets" ("**IAS 36**"). Goodwill will be allocated to the cash generating units ("**CGUs**") that are expected to benefit from the synergies of the acquisition of subsidiaries for the purpose of impairment testing. The results of the Enlarged Group may be affected by impairment loss whenever the recoverable amount of CGUs is lower than the carrying amount.

Based on the existing business model of the Enlarged Group, the directors of the Company have performed the necessary assessment on impairment in accordance with the requirement under IAS 36. The high-end Chinese restaurant business operated by the SPV Group is the CGUs for the purpose of impairment testing of goodwill.

The directors of the Company conducted a review of the SPV Group's goodwill and appointed an independent professional valuer to assist them to determine the recoverable amount.

The recoverable amount of goodwill has been determined by using value-in-use calculation. The cash flow projections were prepared from financial budgets approved by the directors of the Company covering a 5 years with a pre-tax discount rate of 14%. Cash flows beyond the forecast period were extrapolated using a 3% steady growth rate. This growth rate for the relevant growth forecasts which does not exceed the average long-term growth rate for the relevant industry. Based on the above basis and assumptions, no impairment loss have been recognised to the profit or loss for that period ended and as at 30 June 2014 in respect of the goodwill.

7) Included in the Group's condensed consolidated statement of financial position as at 30 June 2014 and SPV Group's consolidated statement of financial position as at 31 March 2014, the loan receivables of the Group and bank and other borrowings of the SPV Group approximately of HK$69,398,000 represent a loan granted by the Group to the SPV (the "**SPV Loan**"). During the eight months ended 31 December 2013, the Group has paid HK$86,498,000 to the SPV under the SPV Loan. The adjustment represents the elimination of SPV Loan in which SPV become a subsidiary of the Group upon the completion of the SPV Acquisition.

8) Included in the SPV Group's consolidated statement of financial position as at 31 March 2014, bank and other borrowings approximately of HK$48,159,000 represents a loan due to Coqueen. The adjustment represents the reclassification of loan due to Coqueen whose position within the Group has changed upon the completion of the SPV Acquisition.

9) Included in the Group's condensed consolidated statement of financial position as at 30 June 2014, the trade and other receivables approximately of HK$5,351,000 represents interest receivables in relation to the SPV Loan. Included in the SPV's consolidated statement of financial position as at 31 March 2014, amounts due to related companies approximately of HK$4,809,000 represents interest payables in relation to the SPV Loan. The adjustment represents the elimination of interest receivables/payables in relation to the SPV Loan in which SPV become a subsidiary of the Group upon the completion of the SPV Acquisition. The amount approximately of HK$542,000 represents the balance that could not be eliminated due to the different reporting date used by the Group and SPV Group for pro forma purpose.

10) The adjustment reflects the reversal of fair value change of the SPV CB of approximately HK$74,491,000 for the eight months ended 31 December 2013. This unaudited pro forma adjustment will not have continuing effect on the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group.

11) The adjustment represents the elimination of interest income approximately of HK$2,964,000 recorded by the Group for the eights months ended 31 December 2013 and finance cost approximately of HK$2,964,000 recorded by the SPV Group for the nine months ended 31 December 2013, in which SPV become a subsidiary of the Group upon the completion of the SPV Acquisition.

12) The adjustment represents the elimination of sales and purchase transactions of approximately HK$777,000 and other transactions of approximately HK$71,000 between the Group and the SPV Group for the eight months ended 31 December 2013, in which SPV become a subsidiary of the Group upon the completion of the SPV Acquisition.

13) The adjustment reflects the reversal of effective interest expense on the SPV CB which recorded by the SPV Group for the nine months ended 31 December 2013. This unaudited pro forma adjustment will not have continuing effect on the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group.

14) The adjustment reflects the additional depreciation of approximately HK$1,744,000 provided in relation to the fair value adjustment as mentioned in Note 6b and the corresponding reversal of deferred taxation of approximately HK$288,000 as if the SPV Acquisition completed on 1 May 2013.

15) During the eight months ended 31 December 2013, the Group has paid HK$180,000,000 in subscribe the SPV CB. The adjustment represents elimination of the payment of SPV CB, in which SPV become a subsidiary of the Group upon the completion of the SPV Acquisition.

16) Apart from the above, no adjustments have been made to the unaudited pro forma consolidated statement of financial position, to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2014 for the Group and 31 March 2014 for the SPV Group where applicable and unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows to reflect any trading results or other transactions of the Group and SPV Group entered into subsequent to 1 May 2013 for the Group and 1 April 2013 for the SPV Group where applicable.

(B) INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA INFORMATION

中磊（香港）會計師事務所有限公司
ZHONGLEI (HK) CPA Company Limited

The Board of Directors
Chinese Food and Beverage Group Limited
4/F., Phase 1, Kaiser Estate
41 Man Yue Street
Hunghom
Kowloon, Hong Kong

Dear Sirs/Madams,

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Chinese Food and Beverage Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") and Professional Guide Enterprise Limited and its subsidiaries (together with the Group collectively referred to as the "**Enlarged Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only.

The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2013, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the eight months ended 31 December 2013 and related notes as set out in the Appendix IV of the circular issued by the Company dated 29 August 2014 (the "**Circular**") (the "**Unaudited Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in the Appendix IV of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of (i) the proposed exercise of conversion rights attached to the convertible bonds of Professional Guide Enterprise Limited with the principal amount of HK$200,000,000 (the "**Proposed Conversion**"); and (ii) exercise of the put option to acquire the remaining 50% equity interests of the SPV (the "**Further Acquisition**") (together with the Proposed Conversion collectively referred to as the "**SPV Acquisition**") on the Group's financial position as at 30 June 2014 and its financial performance and cash flows for the eight months ended 31 December 2013 as if the Proposed Conversion and the SPV Acquisition had taken place on 30 June 2014 or 1 May 2013, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows have been extracted by the Directors from the Group's consolidated financial statements for the eight months ended 31 December 2013, on which audit report has been published and from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2014, on which interim report has been published.

DIRECTORS' RESPONSIBILITIES FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2014 or 1 May 2013 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

ZHONGLEI (HK) CPA Company Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256

Suites 313-316, 3/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

29 August 2014

Set out below is the management discussion and analysis of the Company extracted from the annual report of the Group for each of the two years ended 30 April 2012, 2013 and the eight months ended 31 December 2013 and the interim report of the Group for the six months ended 30 June 2014. Terms used below shall have the same meanings as defined in the aforesaid reports.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

For the six months ended 30 June 2014

BUSINESS REVIEW AND FINANCIAL REVIEW

The accounting period end date of the Group was changed from 30 April to 31 December. The unaudited interim results for the six months ended 31 October 2013 were used as corresponding comparative figures.

Turnover

During the six months ended 30 June 2014, the Group recorded a turnover of approximately HK$24,642,000 (for the six months ended 31 October 2014: approximately HK$21,841,000). The increase was mainly contributed by the catering business and gross proceeds from disposal of held-for-trading investments.

Loss for the period

During the six months ended 30 June 2014, the Group recorded a loss of approximately HK$126,863,000 (for the six months ended 31 October 2014: a profit of approximately HK$4,443,000). The loss was mainly attributable to loss in change in fair value of held-for-trading investments, loss on change in fair value of convertible instruments designated as financial assets at fair value through profit or loss and loss on change in fair value of derivative financial assets.

Catering Business

The Group has been expanding in the local catering business and commenced its operation of Guo Fu Lou (國福樓) since October 2012. The segmental turnover of the catering business for the Reporting Period was approximately HK$18,673,000 (for the six months ended 31 October 2013: approximately HK$17,207,000), representing an increase of approximately 9% as compared with the six months ended 31 October 2013. This catering business achieved satisfactory results due to the successful top tier premium market orientation.

Food Manufacturing Business

The Group built up its food manufacturing factory in May 2013 and launched the food manufacturing business in August 2013. The segmental turnover of the food manufacturing business for the six months ended 30 June 2014 was approximately HK$1,943,000 (for the six months ended 31 October 2013: HK$2,605,000).

Securities Investments

During the six months ended 30 June 2014, the Group recorded a loss on change in fair value of held-for-trading investments of approximately HK$12,822,000 (for the six months ended 31 October 2013: a profit of approximately HK$4,235,000), loss on change in fair value of derivative financial assets of approximately HK$14,180,000 (for the six months ended 31 October 2013: gain of HK$12,634,000) and loss on change in fair value of convertible instruments designated as financial assets at fair value through profit or loss of approximately HK$43,705,000 (for the six months ended 31 October 2013: gain of approximately HK$37,040,000) which decrease from the convertible bonds of the holding company of Fook Lam Moon restaurants in the principal amount of HK$200,000,000.

CAPITAL STRUCTURE

During the six months ended 30 June 2014 there was no change in the Company's capital structure. As at 30 June 2014, the Company's issued share capital was HK$5,283,600 and the number of its issued ordinary shares was 528,360,000 shares of HK$0.01 each (the "**Shares**") and has 93,000,000 (as at 31 December 2013: 93,000,000) unlisted warrants outstanding.

SIGNIFICANT INVESTMENTS

As at 30 June 2014, the Group's investment deposit paid to Coqueen Company Limited ("**Coqueen**") intended to acquire the entire interest of Coqueen in and over the properties, operation and trademarks of Fook Lam Moon Restaurant Limited ("**FLM HK**") and Fook Lam Moon (Kowloon) Restaurant Limited ("**FLM Kowloon**") amounted to HK$20,000,000 (as at 31 December 2013: HK$20,000,000), loan receivables amounted to approximate of HK$69,398,000 (as at 31 December 2013: HK$86,498,000), convertible instruments designated as financial assets at fair value through profit or loss approximately HK$230,786,000 (as at 31 December 2013: approximately HK$274,491,000), derivative financial assets approximately HK$1,000,000 (as at 31 December 2013: approximately HK$15,180,000) and held-for-trading investments amounted to approximately HK$31,093,000 (as at 31 December 2013: approximately HK$48,358,000).

Subscription of Convertible Bonds of the holding company of Fook Lam Moon

The Group has been proactively identifying potential investment opportunities for building a stronger business foundation, broadening its source of income and improving its overall financial results. In order to further explore into the local catering industry, the Group entered into a subscription agreement (the "**Convertible Bonds Subscription Agreement**") with Professional Guide Enterprise Limited ("**SPV**") and its relevant parties on 18 December 2012 to subscribe the convertible bonds of the SPV in the principal amount of HK$200,000,000. If the convertible bonds are converted in full at the conversion price of HK$20,000 per SPV Conversion Share, a total of 10,000 SPV Conversion Shares will be issued, representing 50% of the issued share capital of the SPV as enlarged by the conversion. All the conditions of the Convertible Bonds Subscription Agreement have been fulfilled or waived, as the case may be, and the Subscription was completed on 4 June

2013. At completion, Rich Paragon Limited ("**Rich Paragon**"), an indirect wholly-owned subsidiary of the Company, granted to the SPV the loan in the amount of approximately HK$116,000,000 ("**Fook Lam Moon Project**").

On 30 September 2013, the exercise of the conversion rights attached to the convertible bonds was resolved by the Board. Pursuant to the convertible bonds subscription agreement, a shareholders' agreement to be entered into between Coqueen and Rich Paragon in relation to the SPV shall be executed by Coqueen (or its subsidiary following the SPV Restructuring (as defined in the announcement of the Company dated 18 October 2013)) and Rich Paragon forthwith upon the conversion in full.

As the applicable percentage ratios defined under the GEM Listing Rules of the Conversion exceeds 100%, the Conversion constitutes a very substantial acquisition under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, publication and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As additional time is required for the Company to finalise certain information in the circular, it is expected that the despatch of the circular will be delayed to a date on or before 15 August 2014.

For details, please refer to the announcements of the Company dated 30 January 2013, 24 May 2013, 31 May 2013, 4 June 2013, 7 June 2013, 17 July 2013, 16 September 2013, 18 October 2013, 18 November 2013, 16 December 2013, 28 January 2014, 28 February 2014, 28 March 2014, 28 April 2014, 30 May 2014, 30 June 2014 and the circular of the Company dated 20 April 2013 respectively.

The Directors believe that the conversion would bring (i) alignment between the strong brand and earnings potential and the Group's business strategy; (ii) possible enhancement of the corporate image of the Group due to the prominent brand equity of FLM HK and FLM Kowloon; and (iii) synergy effect with the existing catering business.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has principally financed its operations by internal resources and shareholders equity except for the funds raised to satisfy the subscription of the convertible bonds of the SPV and the provision of the SPV loan as mentioned above. The six months ended 30 June 2014 with the net current liabilities of approximately HK$371,623,000 (as at 31 December 2013: approximately HK$301,827,000) including the bank balances and cash of approximately HK$1,438,000 (as at 31 December 2013: approximately HK$21,909,000).

As at 30 June 2014, the Group had other borrowings amounted to approximately HK$326,000,000 (as at 31 December 2013: HK$311,300,000) and obligation under finance lease of approximately HK$30,000 (31 December 2013: approximately HK$60,000). The gearing ratio, computed as total liabilities to total assets, is 1.09 for the six months ended 30 June 2014 (as at 31 December 2013: 0.81).

FUND RAISING ACTIVITIES

Proposed issue of convertible bonds

On 22 November 2013, the Company entered into a subscription agreement (the "**Subscription Agreement**") with CMS and the parties of the Guarantors (as defined in the announcement of the Company dated 1 April 2014) in relation to the proposed issue of secured convertible bonds by the Company at an aggregate principal amount of US$25 million with a coupon rate of 3% per annum to CMS or CMS together with any Person (as defined in the announcement of the Company dated 1 April 2014) designated by it, and to be guaranteed by the Guarantors and Coqueen. On 27 January 2014, the Company, CMS HK and Coqueen entered into a memorandum of understanding (the "**MOU**") in relation to the proposed amendments to the Subscription Agreement and the instrument of the convertible bonds contemplated thereunder.

On 31 March 2014, the Company entered into a second subscription agreement (the "**Second Subscription Agreement**") with CMS, Mr. Tang Anthony Mong Fai ("**Mr. Tang**") and the parties of the Guarantors in view of the proposed terms under the MOU, in consideration of the mutual promises, representations, warranties, covenants and conditions in the Second Subscription Agreement, and to replace the Subscription Agreement, which will cease to have effect upon entry of the Second Subscription Agreement. Pursuant to the Second Subscription Agreement, the Company shall issue the guaranteed secured convertible bonds at an aggregate principal amount of US$37.5 million with a coupon rate of 3% per annum (the "**Convertible Bonds**") to Mr. Tang, CMS, and/or any such person designated by CMS, and to be guaranteed by the Guarantors and Coqueen. The convertible bonds shall be subscribed by Mr. Tang and CMS (or CMS together with any person designated by it) at the principal amount of US$12,500,000 and US$25,000,000, respectively, and at an aggregate price equal to 100% of the principal amount of the convertible bonds.

Assuming full conversion of the convertible bonds at the conversion price of HK$0.56 per conversion share and the fixed exchange rate of US$1 to HK$7.7644, the convertible bonds are convertible into 519,937,500 conversion shares. The conversion price shall be subject to adjustment from time to time in accordance with the bond instrument set out in a schedule of the second subscription agreement in relation to the convertible bonds.

The Guarantors have, on a joint and several basis, unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Company under the convertible bonds and the performance of all obligations of the Company under the transaction documents including but not limited to the second subscription agreement and the relevant bond instrument. Coqueen has unconditionally and irrevocably guaranteed the due and punctual payment of all or any sums (whether principal, interest, fees or otherwise) which are or at any time may become due and payable by the Company under the convertible bonds.

The conversion shares will be allotted and issued pursuant to the specific mandate to be granted to the Directors at an extraordinary general meeting of the Company (the "**EGM**"). The conversion shares will rank pari passu in all respects with the existing Shares in issue. The estimated net proceeds from the issue of the convertible bonds will be approximately HK$280.7 million, representing a net conversion price of approximately HK$0.54 per conversion share. The proposed subscription of the convertible bonds is conditional upon, among other things, (i) the Independent Shareholders (as defined in the announcement of the Company dated 1 April 2014) having passed the necessary resolutions in relation to the Subscription at the EGM; and (ii) the Stock Exchange having approved the listing of, and permission to deal in the conversion shares.

As additional time is required for the Company to finalise certain information in the circular, it is expected that the despatch of the circular will be delayed to a date on or before 29 August 2014.

For details, please refer to the announcements of the Company dated 7 June 2013, 26 November 2013, 27 January 2014, 1 April 2014, 25 April 2014, 27 May 2014, 30 June 2014 and 30 July 2014.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group employed a total of 97 employees as compared with 91 employees as at 31 October 2013. Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK$15,079,000 (for the six months ended 31 October 2013: approximately HK$10,366,000).

The Group decided the remuneration and compensation payable to its staff based on individual performance and expertise. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

FOREIGN CURRENCY EXPOSURE

The Group does not have a foreign currency hedging policy as the Board considers that the currency exposure is immaterial. However, the management will monitor foreign exchange position and will consider appropriate action should the circumstances change.

CHARGE ON GROUP'S ASSETS

As at 30 June 2014, certain assets with fair value of approximately HK$325,535,000 (as at 31 December 2013: HK$384,616,000) were pledged to a lender to secure a loan facility of HK$300,000,000 (as at 31 December 2013: HK$300,000,000).

CAPITAL COMMITMENTS

As at 30 June 2014, the Group did not have any significant capital commitment (as at 31 December 2013: Nil).

CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any significant contingent liability (as at 31 December 2013: approximately HK$1,010,000 arising from the claim by a third party).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group did not have any material acquisition and disposal of subsidiaries and affiliated companies for the six months ended 30 June 2014.

ADVANCE TO ENTITY

(i) Advance to entity in the amount of HK$44,000,000

Details of advance to entity in the amount of HK$44,000,000 paid to Key Ally Limited were set out under the section of "Advance to Entity" on pages 13 to 14 of the Company's first quarterly report for the three months ended 31 March 2014. The directors considered that the likelihood of recovery of the outstanding principal and accrued interest amount was very remote and the impairment loss of loan receivables of HK$28,225,000 was recognized during the eight months ended 31 December 2013. After that just before the end of March 2014, the Group received a further sum of HK$600,000 from the Proposed Vendor. The Group will proceed to recover the outstanding amount in reliance on legal advice.

(ii) Advance to entity in the amount of HK$20,000,000 on 24 April 2013

On 23 January 2013, the Company, Rich Paragon, Coqueen, the SPV, Mr. Chui Pui Kun and Mr. Chui Tak Keung, Duncan entered into the second framework agreement (the "**Second Framework Agreement**") and supplemented by the supplemental second framework agreement dated 30 January 2013 (the "**Supplemental Second Framework Agreement**") in relation to, inter alia, the adjustment with relevant parties of the convertible bonds subscription agreement concerning the acquisition of a portion of Coqueen's entire shareholding in the SPV from Coqueen by Rich Paragon pursuant to the Second Framework Agreement (the "**Further Investment**").

In addition, the Parties entered into the third framework agreement on 24 April 2013 (the "**Third Framework Agreement**") in relation to, inter alia, (i) supersede the Second Framework Agreement and Supplemental Second Framework Agreement; and (ii) replace the Further Investment (together, the "**Revised Further Transaction**"). Subject to the fulfillment of such conditions precedent to be agreed by the Parties, including, inter alia, the completion of the Subscription and entering into a formal agreement which sets out the definitive terms and conditions for, and which governs and regulates, the Revised Further Transaction by the parties on or before 30 June 2014 (or such later date as the parties may agree in writing), Rich Paragon shall, after completion of the FLM HK Restructuring (as defined in the announcement of the Company dated 18 October 2013), the FLM Kowloon Restructuring (as defined in the announcement of the Company dated 18 October 2013) and forming a subsidiary of the SPV shall be the sole ultimate beneficial owner of the "Fook Lam Moon" and "福臨門" trademarks which are registered in Hong Kong, Macau and the People's Republic of China (the "**PRC**"), carry out and complete the Revised Further Transaction by acquiring from Coqueen.

Pursuant to the Third Framework Agreement, Rich Paragon shall, forthwith upon execution of the Third Framework Agreement, pay HK$20,000,000 to Coqueen by way of internal resources of the Group as refundable deposit (the "**Framework Deposit**"). On 6 August 2014, the Parties entered into the supplemental framework agreement to revise and supplement the Third Framework Agreement by extending the Relevant Period and the time of execution of the Further Formal Agreement from on or before 30 June 2014 to on or before 31 December 2014.

The amount of the Framework Deposit exceeds 8% of the total asset of the Company as defined under Chapter 19 of the GEM Listing Rules and it constitutes an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules. For details, please refer to the announcements of the Company dated 24 April 2013 and 6 August 2014.

PROSPECT AND OUTLOOK

The Group has been principally engaged in the local catering business. It is the Group's corporate strategy to explore other industries with good business potential and growth prospects, including but not limited to, the food and beverage industry in the PRC.

Guo Fu Lou (國福樓)

One of the current key business of the Group is the catering business and the Group is currently operating Guo Fu Lou (國福樓), a renowned Michelin One Star restaurant tailored to provide premium Chinese banqueting services for corporate and family gatherings as part of its development in the industry. The Group has also been expanding its catering business with an ongoing vision to develop further in the local market and is expected to continue to explore and research into any other business opportunities in relation to catering businesses.

Investment in Fook Lam Moon

For the Fook Lam Moon Project as discussed at the section under "**Significant Investments**", the Board is taking into consideration (i) the Company's corporate strategy at exploring the feasibility of further expansion in catering business, (ii) the development potential of the local high-end catering industry, (iii) the growing aggregate profit margin of FLM HK and FLM Kowloon (collectively, the "**FLM Group**"); (iv) the synergy with the existing business of the Group; (v) the favourable dividend policy as set out in the shareholders' agreement entered into between Coqueen and Rich Paragon in relation to the SPV on 30 September 2013; and (vi) the persistent performance of the FLM Group in the past years, its resilience to volatility and structural changes together with its strong potential to bring in new opportunities for expanding the Group's catering businesses, the Directors are of the view that the conversion and the terms of the shareholders' agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole. After completion of the Subscription, the Group is focusing on business development of FLM Group and intends to maintain the operations of all the existing business segments.

Going forward, the FLM Group will continue to strengthen its presence in the local and regional catering industry. With the focus of operating high-end Chinese restaurants, the FLM Group is looking to explore and expand into the markets of Macau, Mainland China and Singapore alongside the growing high end market in the above regions. The FLM Group believes that with their long standing industry experience in the local market, they can further utilize their competitive edge and mark a success in the potential new markets.

Investment in a food manufacturing plant

In May 2013, the Group had set up a food manufacturing plant in Hong Kong with floor area of approximately 35,000 sq. ft. for the development of branded bakery, cooked and packaged food business. The production lines commenced operation in August 2013. The recent success of FLM Group's moon cake and Chinese new year cake products has assured the management of the FLM Group and the Group of the synergy effect between the branded food and its high-end catering services. The Group intends to build upon this opportunity and further develop branded food and/or gift business strategically in the future while strengthening its core operations. The Directors consider that the food manufacturing plant would broaden the income base and improve the financial performance of the Group.

The Board is still looking for other investment opportunities aiming at exploring the feasibility of further expansion in catering business.

For the eight months ended 31 December 2013

BUSINESS AND FINANCIAL REVIEW

In view of well preparation of financial reports and better coordination with respective professional parties as well as to align with the norm of the financial year end date in the market, and the financial year end date of Fook Lam Moon Restaurant Limited and Fook Lam Moon (Kowloon) Restaurant Limited, the financial year end date of the Company was changed from 30 April to 31 December in 2013. It should be noted that the 2013 financial information presented under this section which covered the eight months from 1 May 2013 to 31 December 2013 are being compared with the financial period that covered the twelve months ended 30 April 2013. The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

Revenue

During the eight months ended 31 December 2013, the Group recorded turnover of approximately HK$29,064,000 (for the year ended 30 April 2013: approximately HK$41,526,000 (restated)). Based on an annualized amount of approximately HK$43,596,000, it represents an approximately 5.0% increase as compared with the previous financial year.

Profit for the period

During the eight months ended 31 December 2013, the Group recorded a profit of approximately HK$5,815,000 (for the year ended 30 April 2013: a loss of approximately HK$25,883,000). Based on an annualized amount of approximately HK$8,722,500, the profit represents a significant increase as compared to the results of the last financial year. The profit for the eight months ended 31 December 2013 was mainly derived from the (i) gain on change in fair value of held-for-trading investments; (ii) the significant gain on change in fair value of the convertible instruments designated as financial assets at fair value through profit or loss and; (iii) gain on change in fair value of derivative financial assets and these were compensated by increase in administrative expenses and finance costs.

Catering Business

The Group has been expanding in the local catering business and commenced its operation of Guo Fu Lou (國福樓) since October 2012. The segmental turnover of the catering business for the eight months ended 31 December 2013 was approximately HK$24,219,000 for the year ended (30 April 2013: approximately HK$31,615,000). Based on an annualized amount of approximately HK$36,328,500, the segmental turnover will represent approximately 14.9% growth as compared with the previous financial year.

Food manufacturing business

The Group has established its food manufacturing factory since May 2013 and launched the food manufacturing business since August 2013. The segmental turnover of approximately HK$2,816,000 only reflects the trial manufacturing period turnover.

Securities Investments

During the eight months ended 31 December 2013, the Group recorded (i) a gain on change in fair value of held-for-trading investments of approximately HK$6,879,000 (year ended 30 April 2013: a loss of approximately HK$5,119,000 (restated)); (ii) a gain on change in fair value of derivative financial assets of approximately HK$14,075,000 (year ended 30 April 2013: approximately HK$277,000 (restated)) and; (iii) a gain on change in fair value of convertible instruments designated as financial assets at fair value through profit or loss of approximately HK$74,584,000 (year ended 30 April 2013: approximately HK$1,506,000 (restated)), which was arisen from the convertible bonds of the holding company of Fook Lam Moon restaurants in the principal amount of HK$200,000,000.

CAPITAL STRUCTURE

During the eight months ended 31 December 2013, totaling 61,500,000 ordinary shares were allotted and issued as (i) the convertible bonds holders exercised the conversion right attaching to the convertible bonds into 51,500,000 Company's ordinary shares at HK$0.18 per share, and (ii) a warrant holder exercised the subscription right attaching to the warrants into 10,000,000 Company's ordinary shares at HK$0.70 per share.

As at 31 December 2013, the Company's issued share capital was HK$5,283,600 and the number of its issued ordinary shares was 528,360,000 shares of HK$0.01 each.

SIGNIFICANT INVESTMENTS

As at 31 December 2013, (i) the Group's investment deposit paid to Coqueen Company Limited ("**Coqueen**") intended to acquire the entire interest of Coqueen in and over the properties, operation and trademarks of Fook Lam Moon Restaurant Limited and Fook Lam Moon (Kowloon) Restaurant Limited amounted to HK$20,000,000 (as at 30 April 2013: HK$40,000,000); (ii) loan receivables amounted to approximate HK$86,498,000 (as at 30 April 2013: approximately HK$2,500,000); (iii) convertible instruments designated as financial assets at fair value through profit or loss approximately HK$274,491,000 (as at 30 April 2013: approximately HK$11,006,000); (iv) derivative financial assets amounted to approximately HK$15,180,000 (as at 30 April 2013: approximately HK$1,460,000); and (v) held-for-trading investments amounted to approximately HK$48,358,000 (as at 30 April 2013: approximately HK$8,148,000).

Subscription of Convertible Bonds of the holding company of Fook Lam Moon

The Group has been proactively identifying potential investment opportunities for building a stronger business foundation, broadening its source of income and improving its overall financial results. In order to further explore into the local catering industry, the Group entered into a subscription agreement (the "**CB Subscription Agreement**") with Professional Guide Enterprise Limited ("**SPV**") and its relevant parties on 18 December 2012 to subscribe the convertible bonds of the SPV in the principal amount of HK$200,000,000 (the "**Subscription**"). If the convertible bonds are converted in full at the conversion price of HK$20,000 per SPV Conversion Share, a total of 10,000 SPV Conversion Shares will be issued, representing 50% of the issued share capital of the SPV as enlarged by the conversion. All the conditions of the CB Subscription Agreement have been fulfilled or waived, as the case may be, and the Subscription was completed on 4 June 2013. At completion, Rich Paragon Limited ("**the Subscriber**"), an indirect wholly-owned subsidiary of the Company, granted to the SPV a loan in the amount of approximately HK$116,000,000 (the "**Subscriber SPV Loan**").

On 30 September 2013, the exercise of the conversion rights attached to the convertible bonds (the "**Conversion**") was resolved by the Board. Pursuant to the CB Subscription Agreement, shareholders' agreement to be entered into between Coqueen and the Subscriber in relation to the SPV (the "**Shareholders' Agreement**") shall be executed by Coqueen (or its subsidiary following the SPV Restructuring (as defined in the announcement of the Company dated 18 October 2013)) and the Subscriber forthwith upon the Conversion in full.

For details, please refer to the announcements of the Company dated 30 January 2013, 24 May 2013, 31 May 2013, 4 June 2013, 7 June 2013, 17 July 2013, 16 September 2013, 18 October 2013, 18 November 2013, 16 December 2013, 28 January 2014, 28 February 2014, 28 March 2014, 28 April 2014, 27 May 2014 and the circular of the Company dated 20 April 2013 respectively.

The Directors believe that the Conversion would bring (i) alignment between the strong brand and earnings potential and the Group's business strategy; (ii) possible enhancement of the corporate image of the Group due to the prominent brand equity of Fook Lam Moon Restaurant Limited ("**FLM HK**") and Fook Lam Moon (Kowloon) Restaurant Limited ("**FLM Kowloon**"); and (iii) synergy effect with the existing catering business.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has principally financed its operations by internal resources and shareholders equity except for the funds raised to satisfy the subscription of the convertible bonds of the SPV and the provision of the SPV Loan as mentioned above. The eight months ended 31 December 2013 resulted in net current liabilities of approximately HK$301,827,000 (as at 30 April 2013: the net current assets of approximately HK$26,099,000) including the bank balances and cash of approximately HK$21,909,000 (as at 30 April 2013: approximately HK$2,534,000).

As at 31 December 2013, the Group had other borrowings amounted to approximately HK$311,300,000 (30 April 2013: HK$3,800,000) and obligation under finance lease of approximately HK$60,000 (30 April 2013: approximately HK$98,000). The gearing ratio, computed as other borrowings and obligation under finance lease over total equity, stood at approximately 334% for the eight months ended 31 December 2013 (30 April 2013: 5.2%).

FUND RAISING ACTIVITIES

Placing of convertible bonds in the principal amount of HK$256,200,000

On 26 March 2013, a placing agreement was entered into by and between the Company and F.T Securities Limited (the "**Placing Agent**") in relation to the placing of the convertible bonds of up to an aggregate amount of HK$240,000,000 on a best-effort basis.

On 8 May 2013, the Company and the Placing Agent entered into a supplemental placing agreement in relation to the placing in which the Company has conditionally agreed to place and the Placing Agent has conditionally agreed to procure the placees to subscribe for the convertible bonds in the principal amount of up to HK$256,000,000 at the conversion price of HK$0.76 to HK$0.80 per conversion share on a best-effort basis.

On 10 May 2013, the Company and the Placing Agent entered into a second supplemental placing agreement whereby the Company and the Placing Agent have agreed to revise the terms of the convertible bonds regarding (i) the change of the aggregate principal amount of the convertible bonds from up to HK$256,000,000 to up to HK$256,200,000; and (ii) the change in the number of conversion shares from up to a maximum of 320,000,000 new shares to up to a maximum of 320,250,000 new shares of the Company.

First framework agreement in relation to the proposed subscription and the provision of term loan

On 6 June 2013, the Company, CMS HK and Sculptor Finance (MD) Ireland Limited, Sculptor Finance (AS) Ireland Limited and Sculptor Finance (SI) Ireland Limited (the "**Sculptor Funds**") entered into a framework agreement in relation to the provision of a loan in the principal amount of US$20 million and the issue of the convertible bonds by the Company to CMS HK or any of its affiliates or nominee and the Sculptor Funds and/or their respective affiliates or nominee in the aggregate principal amount of US$25 million.

On 5 July 2013, the parties of the first framework agreement entered into a supplemental framework agreement, pursuant to which the parties agreed to extend the date of entering into the formal agreement from on or before 6 p.m., 5 July 2013 to 6 p.m., 5 August 2013. Subsequently, no formal agreement to the framework agreement has been entered into and therefore, the exclusivity has been null and void.

Placing of non-listed warrants under general mandate

On 24 October 2013, the Company entered into a placing agreement with the Placing Agent (as supplemented by supplemental placing agreement dated 31 October 2013 and second supplemental placing agreement dated 14 November 2013) in relation to the placing of warrants, pursuant to which the Placing Agent conditionally agreed to place, on a fully underwritten basis, 103,000,000 Warrants (the "**Warrant(s)**") to not less than six independent placees at the issue price of HK$0.01 per Warrant. At the exercising of the subscription rights attached to the Warrants, the subscription price of the Warrants is HK$0.70 (subject to adjustments) per subscription share. The subscription right will be exercisable during a period of 12 months from the date of issue of the Warrants. The placing was completed on 14 November 2013.

The gross proceeds from the Placing was HK$1,030,000 and the net proceeds was HK$828,800. The Company has utilised the net proceeds from the Placing as general working capital of the Group as at 31 December 2013.

Second framework agreement in relation to the proposed subscription and the provision of a loan facility

On 4 November 2013, the Company and CMS HK entered into a second framework agreement in relation to the possible (i) subscription of convertible bonds issued by the Company to CMS HK or any of its affiliates or nominee and potential subscribers referred by CMS HK from time to time and/or their affiliates of nominees (the "**Second Subscribers**") in the principal amount of US$25 million, convertible at any time into fully paid-up ordinary shares of the Company (the "**Second Convertible Bonds**"), which shall initially be convertible into not less than 28% shareholding in the Company on a fully diluted basis and (ii) grant of loan facility arranged by CMS HK and/or another financial institution invited by CMS HK in the aggregate amount of HK$225 million from CMS to the SPV (the "**Loan Facility**").

The proceeds resulting from the subscription of the convertible bonds by the subscribers will be used for financing the working capital of the Company, the SPV, FLM HK and FLM Kowloon. The Loan Facility will be used for financing the working capital of the SPV, FLM HK and FLM Kowloon. Other terms of the convertible bonds and the Loan Facility shall be further negotiated and shall be set out in the formal legal documentation in relation to the subscription (including the agreement(s) in relation to the subscription and the deeds of charges) and the Loan Facility (including the agreement(s) in relation to the Loan Facility and the deeds of charges), respectively.

Pursuant to the second framework agreement, save and except that the Company may issue ordinary shares for an aggregate amount up to HK$75,000,000, none of the Company or its respective directors, officers, representatives, shareholders or agents shall enter into any arrangement, formal or informal, with any person except CMS HK and the subscribers with respect to any potential investment in or financing of the Company from the date of the second framework agreement to 6:00 p.m., 25 November 2013.

On 22 November 2013, the Company entered into a subscription agreement with CMS and the parties of the Guarantors (as defined in the Company's announcement dated 26 November 2013) in relation to the proposed issue of the secured convertible bonds by the Company at an aggregate principal amount of US$25 million with a coupon rate at 3% per annum to CMS or CMS together with any person designated by it, and to be guaranteed by the Guarantors and Coqueen. The convertible bonds will be subscribed at a price equal to 100% of the principal amount of the convertible bonds.

Based on the initial conversion price of HK$0.56 per conversion share assuming full conversion of the convertible bonds at the initial conversion price, the convertible bonds will be convertible into 346,062,500 conversion shares. The initial conversion price shall be subject to adjustment from time to time in accordance with the terms of the convertible bonds.

The conversion shares will be allotted and issued pursuant to the specific mandate to be granted to the Directors at an extraordinary general meeting of the Company to be convened. The conversion shares will rank *pari passu* in all respects with the existing ordinary shares of the Company in issue. The estimated net proceeds from the issue of the convertible bonds will be approximately HK$183,465,000, representing a net conversion price of approximately HK$0.53 per conversion share.

The subscription of the convertible bonds by CMS pursuant to the Subscription Agreement is conditional upon, among other things, (i) the approval from the shareholders of the Company at the extraordinary general meeting; and (ii) the listing committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the conversion shares.

On 31 March 2014, the Company entered into a second subscription agreement with CMS, Mr. Tang Anthony Mong Fai and the parties of the Guarantors (as defined in the announcement of the Company dated 1 April 2014) in view of the proposed terms under the MOU, in consideration of the mutual promises, representations, warranties, covenants and conditions in the second subscription agreement, and to replace the subscription agreement, which will cease to have effect upon entry of the second subscription agreement. Pursuant to the second subscription agreement, the Company shall issue the guaranteed secured convertible bonds at an aggregate principal amount of US$37.5 million with a coupon rate of 3% per annum to Mr. Tang, CMS, and/or any such person designated by CMS, and to be guaranteed by the Guarantors and Coqueen. The convertible bonds shall be subscribed by Mr. Tang and CMS (or CMS together with any person designated by it) at the principal amount of US$12,500,000 and US$25,000,000, respectively, and at an aggregate price equal to 100% of the principal amount of the convertible bonds.

Assuming full conversion of the convertible bonds at the conversion price of HK$0.56 per conversion share and the fixed exchange rate of US$1 to HK$7.7644, the convertible bonds are convertible into 519,937,500 conversion shares. The conversion price shall be subject to adjustment from time to time in accordance with the bond instrument set out in a schedule of the second subscription agreement in relation to the convertible bonds.

For details, please refer to the announcements of the Company dated 7 June 2013, 6 July 2013, 5 November 2013, 26 November 2013, 27 January 2014 and 1 April 2014.

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2013, the Group employed a total of 97 employees as compared with 70 employees as at 30 April 2013. Staff costs for the eight months ended 31 December 2013, including Directors' emoluments, were approximately HK$14,781,000 (year ended 30 April 2013: approximately HK$19,831,000).

The Group decided the remuneration and compensation payable to its staff based on individual performance and expertise. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

CHARGE ON GROUP'S ASSETS

As at 31 December 2013, certain assets with fair value of approximately HK$384,616,000 were pledged to a lender to secure a loan facility of HK$300,000,000 (as at 30 April 2013: Nil).

CAPITAL COMMITMENTS

As at 31 December 2013, the Group did not have any significant capital commitment (30 April 2013: approximately HK$769,000).

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had contingent liability of approximately HK$1,010,000 (as at 30 April 2013: approximately HK$1,636,000) arising from the claim by a third party.

FOREIGN CURRENCY EXPOSURE

The Group does not have a foreign currency hedging policy as the Board considers that the currency exposure is immaterial. However, the management will monitor foreign exchange position and will consider appropriate action should the circumstances change.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group completed the disposal of the entire issued share capital of Welford International Industrial Limited and the loan of HK$22,641,158.26 at the total consideration of HK$30,000,000 on 30 July 2013. For details, please refer to the announcement of the Company dated 2 July 2013.

Save as disclosed above, the Group does not have any material acquisition and disposal of subsidiaries for the eight months ended 31 December 2013.

PROSPECT AND OUTLOOK

Guo Fu Lou

One of the current key business of the Group is the catering business and the Group is currently operating Guo Fu Lou (國福樓), a renowned Michelin One Star restaurant tailored to provide premium Chinese banqueting services for corporate and family gatherings as part of its development in the industry. The Group has also been expanding its catering business with an ongoing vision to develop further in the local market and is expected to continue to explore and research into any other business opportunities in relation to catering businesses.

Going forward, the FLM Group will continue to strengthen its presence in the local and regional catering industry. With the focus of operating high-end Chinese restaurants, the FLM Group is looking to explore and expand into the markets of Macau, Mainland China and Singapore alongside the growing high end market in the above regions. The Group believes that with the long standing industry experience of the FLM Group in the local market, they can further utilize their competitive edge and mark a success in the potential new markets.

Upon Completion, any requests from the SPV for additional funding may place certain strains on the financial resources of the Company. The Company may seek debt financing in support of the future development and financial needs of the SPV, however, it is possible that the Company may not be able to secure or guarantee sufficient debt financing and/or refinancing to fund the required expenditures and/or other financial needs of the SPV.

Investment in a food manufacturing plant

In May 2013, the Group had set up a food manufacturing plant in Hong Kong with floor area of approximately 35,000 sq. ft. for the development of branded bakery, cooked and packaged food business. The production lines commenced operation in August 2013. The recent success of FLM Group's moon cake products has assured the management of the FLM Group and the Company of the synergy effect between the branded food and its high-end catering services. The Company intends to build upon this opportunity and further develop branded food and/or gift business strategically in the future while strengthening its core operations. The Directors consider that the food manufacturing plant would broaden the income base and improve the financial performance of the Group.

For the year ended 30 April 2013

BUSINESS AND FINANCIAL REVIEW

Revenue

During the year ended 30 April 2013, the turnover of the Group was approximately HK$42,507,000 (2012: HK$14,928,000) representing 184.7% increase as compared with the last corresponding year. The increase was mainly contributed by the catering business and the new segment of the business engaging in securities investments. The gross proceeds from the catering business and the securities investments of the Group recorded approximately HK$31,615,000 (2012: HK$11,953,000) and approximately HK$9,911,000 (2012: Nil) respectively.

Loss for the year

During the year ended 30 April 2013, the Group recorded a loss of approximately HK$25,883,000, representing a 73.7% decrease as compared with a loss of approximately HK$98,314,000 of the last corresponding year. The decrease in loss for the year ended 30 April 2013 was mainly due to (i) the significant improvements in the reportable and operating segments of the Group; (ii) the significant decrease in loss on change in fair value of convertible instruments designated as financial assets at fair value through profit or loss and (iii) no impairment loss recognized in respect of loan and loan interest receivable.

Catering Business

The Group has been expanding in the local catering business. At the end of September 2012, the Group commenced cooperation with Guo Fu Lou Management Limited which possesses expertise in the management, food and beverage quality control, production supervision, menu design, service strategy, business development, banquet imaging, market promotion and other matters relating to the operation of premium Chinese restaurants. The Group has been granted the rights to use the brand of Guo Fu Lou (國福樓), a renowned Michelin One Star restaurant tailored to provide premium Chinese banqueting services for corporate and family gatherings. Further, Guo Fu Lou Management Limited has been appointed to manage and operate an entirely new premium Chinese restaurant in the brand name of Guo Fu Lou ("**Guo Fu Lou Wanchai**") at the former location of East Ocean Dragon Seafood Restaurant (東海龍王海鮮酒家) in Wanchai commenced from the mid of October 2012. During the year ended 30 April 2013, the segmental turnover of the catering business was approximately HK$31,615,000 (2012: HK$11,953,000) representing 164.5% increase as compared with the last corresponding year.

Securities Investments

The Group has been principally engaged in the local catering business. It is the Group's corporate strategy to explore other businesses with good business potential and growth prospects. During the year ended 30 April 2013, the Group has been engaged in the business of securities investments and is regarded as a new business segment of the Group. The segmental turnover of the securities investments for the year ended 30 April 2014 was approximately HK$9,911,000 (2012: Nil). Due to the volatility nature in stock market, the Group recorded a loss on change in fair value of held-for-trading investments of approximately HK$5,119,000 (2012: approximately HK$6,872,000) and gain on disposal of held-for-trading investments of approximately HK$4,611,000 (2012: Nil).

CAPITAL STRUCTURE

During the year ended 30 April 2013, the changes of the capital structure of the Company were set out below:

(i) on 5 April 2013, share consolidation became effective, of which, every ten issued and unissued shares of HK$0.001 each in the share capital of the Company were consolidated into one consolidated share of HK$0.01 each, i.e. 4,323,600,000 shares of HK$0.001 each were consolidated into 432,360,000 consolidated shares of HK$0.01 each and change in board lot size from 5,000 shares to 20,000 consolidated shares also became effective from 5 April 2013; and

(ii) on 12 April 2013 and 30 April 2013, totalling 34,500,000 ordinary shares were allotted and issued as the convertible bonds holders exercised the conversion rights attaching to the convertible bonds into the Company's ordinary shares at HK$0.18 per share.

SIGNIFICANT INVESTMENTS

As at 30 April 2013, the Group's investment deposit paid for the investment in Fook Lam Moon amounting to approximately HK$40,000,000 (2012: Nil), trade and other receivables amounted to approximately of HK$46,531,000 (2012: HK$50,686,000), assets classified as held for sale amounted to approximately HK$30,820,000 (2012: approximately HK$32,968,000), convertible instruments designated as financial assets at fair value through profit or loss approximately of HK$11,006,000 (2012: Nil) and held-for-trading investments amounted to HK$8,148,000 (2012: approximately HK$11,528,000.00).

Subscription of Convertible Bonds in holding company of Fook Lam Moon

The Group has been proactively identifying potential investment opportunities for building a stronger business foundation, broadening its source of income and improving its overall financial results. In order to further explore into the local catering industry, the Company entered into a subscription agreement on 18 December 2012 to subscribe for convertible bonds in the principal amount of HK$200,000,000. If the Convertible Bonds are converted in full at the conversion price of HK$20,000 per SPV Conversion Share, a total of 10,000 SPV Conversion Shares will be issued, representing 50% of the issued share capital of the SPV as enlarged by the conversion. All the conditions of the convertible bonds subscription agreement have been fulfilled or waived, as the case may be, and the Subscription was completed on 4 June 2013. At completion, the Subscriber granted to the SPV the loan in the amount of approximately HK$116 million ("**Fook Lam Moon Project**"). For details, please refer to the announcements of the Company dated 30 January 2013, 24 May 2013, 31 May 2013, 4 June 2013, 17 June 2013 and the circular of the Company dated 20 April 2013 respectively.

The Directors consider that the Subscription provides an excellent opportunity for the Company to participate in the local high-end catering market with strong earnings potential and create synergy effect with its existing catering business.

Save as reported under the "MANAGEMENT DISCUSSION AND ANALYSIS in the annual report 2012/2013", as at 30 April 2013, the Group did not hold any other significant investments.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has principally financed its operations by internal resources and shareholders equity. For the year ended 30 April 2013 with the net current assets of approximately HK$26,099,000 (2012: approximately HK$86,997,000) including the bank balances and cash of approximately HK$2,534,000 (2012: approximately HK$2,025,000).

The Group had other borrowing amounted to approximately HK$3,800,000 (2012: Nil) and obligation under finance lease of approximately HK$98,000 as at 30 April 2013 (2012: approximately HK$154,000). The gearing ratio, computed as other borrowing and obligation under finance lease over total equity, stood at 5.2% at the end of the year ended 30 April 2013 (2012: 0.2%).

FUND RAISING ACTIVITIES

Placing of convertible bonds in the principal amount of HK$15,480,000

On 1 February 2013, the Company entered into a placing agreement with the Placing Agent, pursuant to which the Placing Agent agreed to procure, on a best effort basis, the placee(s) to subscribe in cash for convertible bonds up to a principal amount of HK$15,480,000 at the initial conversion price at HK$0.018 per conversion share before share consolidation and all conditions precedent under the placing agreement were fulfilled and the issue of the convertible bonds in aggregate principal amount of HK$15,480,000 to not less than six independent placees took place on 18 March 2013.

The estimated net proceeds from the issue of the convertible bonds, after deduction of expenses, are approximately HK$14,760,000 and are intended to be used by the Company as general working capital of the Group.

As a result of the share consolidation effective on 5 April 2013, the initial conversion price of the convertible bonds was adjusted from HK$0.018 per share to HK$0.18 per share and the number of shares to be issued upon full conversion of the convertible bonds was adjusted from 860,000,000 shares of HK$0.001 each to 86,000,000 consolidated shares of HK$0.01 each.

As at 30 April 2013, totalling 34,500,000 shares were allotted and issued respectively as the convertible bonds holders exercised the conversion rights attaching to the convertible bonds into the Company's ordinary shares at HK$0.18 per share.

Placing of convertible bonds in the principal amount of HK$256,200,000

On 26 March 2013, a placing agreement was entered into by and between the Company and the Placing Agent in relation to the placing of the convertible bonds of up to an aggregate amount of HK$240,000,000 on a best-effort basis.

EMPLOYEES AND REMUNERATION POLICIES

At 30 April 2013, the Group employed a total of 70 employees as compared with 74 employees as at 30 April 2012. The decrease in number of employees was mainly due to normal turnover of employees within the Group.

CHARGE ON GROUP'S ASSETS

There was no charge on the Group's assets during or at the year ended 30 April 2013 (2012: Nil).

CAPITAL COMMITMENTS

At 30 April 2013, the Group had capital commitments in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements of the annual report 2012/2013 approximately HK$769,000 (2012: Nil).

CONTINGENT LIABILITIES

As at 30 April 2013, the Group has contingent liability of approximately HK$1,636,000 (2012: Nil) arising from the claim by a thirty party.

FOREIGN CURRENCY EXPOSURE

The Group does not have a foreign currency hedging policy as the Board considers that the currency exposure is immaterial. However, the management will monitor foreign exchange position and will consider appropriate action should the circumstances change.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Disposal of Welford International Industrial Limited

On 2 July 2013, Ocean Well Enterprises Limited ("**Ocean Well**"), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Unicorn Wealth Holdings Limited, a company incorporated in the Republic of Seychelles with limited liability, in relation to the disposal of 10,000 ordinary shares of HK$1.00 each of Welford International Industrial Limited ("**Welford International**"), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Ocean Well, representing the entire issued share capital of Welford International and the loan of HK$22,641,158.26 at the total consideration of HK$30,000,000.

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal are more than 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and is only subject to the reporting and announcement requirements under the GEM Listing Rules. For details, please refer to the announcement of the Company date 2 July 2013.

Save as disclosed in the "MANAGEMENT DISCUSSION AND ANALYSIS in the annual report 2012/2013", the Group has no material acquisitions and disposals of subsidiaries during the year ended 30 April 2013 and up to the date of the annual report 2012/2013.

PROSPECT AND OUTLOOK

Guo Fu Lou

Guo Fu Lou Wanchai targets the top tier premium market and can accommodate up to 180 customers. The cooperation has drawn a lot of market attention and received very good market response and Guo Fu Lou Wanchai was praised for its innovative cuisines, superior food quality and services. The Group will continue to grow the restaurant's business by enhancing its public recognition and providing top of the town services and cuisines.

Investment in Fook Lam Moon

For the Fook Lam Moon Project as discussed at the section under "Significant Investments" in the annual report 2012/2013, the Board is taking into consideration (i) the Company's corporate strategy at exploring the feasibility of further expansion in catering business, (ii) the basis for the subscription price, (iii) the development potential of the local high-end catering industry, (iv) the preliminary financial results of Fook Lam Moon Restaurant Limited and Fook Lam Moon (Kowloon) Restaurant Limited as at 31 March 2013, as far as the Directors believe, will continue to perform well in the coming years, the Directors are of the view that the Subscription and the terms of the convertible bonds are fair and reasonable and in the interests of the Company and the shareholders as a whole. The Board would discuss to determine the possible exercise of the conversion rights attaching to the Convertible Bonds issued by the SPV and/or the terms and feasibility of the Revised Further Transaction as defined in the annual report 2012/2013 and/or the terms and feasibility of the Subscription and the Term Loan as defined in the announcement of the Company dated 7 June 2013 in the upcoming board meetings of the Company. After completion of the Subscription, the Group is focusing on business development of Fook Lam Moon Restaurant Limited and Fook Lam Moon (Kowloon) Restaurant Limited and intends to maintain the operations of all the existing business segments.

For the year ended 30 April 2012

BUSINESS AND FINANCIAL REVIEW

Revenue

During the year ended 30 April 2012, the Group recorded a revenue of approximately HK$14,928,000, representing an approximately 207.7% increase as compared with the last corresponding year. The increase was due to the contribution of the sales in its electronic products and catering business.

Loss for the year

During the year ended 30 April 2012, the Group recorded a loss of approximately HK$98,314,000, representing a 17.9% increase as compared with a loss of approximately HK$83,366,000 of the last corresponding year. The increase in loss for the year ended 30 April 2012 was mainly due to the (i) loss recognised in respect of impairment of loan receivable and loan interest receivable of approximately HK$30,528,000; (ii) loss on change in fair value of convertible note receivable at fair value through profit or loss of HK$36,014,000; and (iii) cease to share the results of an associate which had been classified as assets held for sale during the last corresponding year.

Catering business

The segmental turnover of the catering business for the year ended 30 April 2012 was approximately HK$11,953,000 (2011: Nil).

Electronic products

The segmental turnover of the electronic products for the year ended 30 April 2012 was approximately HK$2,975,000 (2011: approximately HK$4,851,000).

CAPITAL STRUCTURE

During the year ended 30 April 2012, the issued share capital of the Company was increased from 2,882,400,000 ordinary shares of HK$0.001 each to 4,323,600,000 ordinary shares of HK$0.001 as a result of the issuance of 1,441,200,000 new Shares of HK$0.001 each on 13 February 2012 pursuant to the Open Offer, the details of which are set out in the below section headed "FUND RAISING ACTIVITIES" in the annual report 2011/2012.

SIGNIFICANT INVESTMENTS

As at 30 April 2012, the Group held held-for-trading investments amounted to approximately HK$11,528,000 (2011: approximately HK$17,400,000), available-for-sale investments amounted to HK$500,000 (2011: HK$500,000), interests in an associate amounted to approximately HK$32,965,000 (2011: approximately HK$32,965,000) which has been classified as assets held for sale and convertible note receivable amounted to nil (2011: HK$36,014,000).

Save as disclosed above, as at 30 April 2012, the Group did not hold any other significant investments.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has principally financed its operations by internal resources and shareholders equity. As at 30 April 2012, the Group recorded a net current assets of approximately HK$86,997,000 (2011: approximately HK$169,525,000) including the bank balances and cash of approximately HK$2,025,000 (2011: approximately HK$34,915,000).

The Group had obligation under finance lease of approximately HK$154,000 as at 30 April 2012 (2011: nil). The gearing ratio, computed as other borrowing and obligation under finance lease over total equity, stood at 0.2% at the year ended 30 April 2012 (2011: 1.4%).

FUND RAISING ACTIVITIES

Open Offer

On 16 December 2011, the Company announced its proposal to raise funds by way of an open offer of one offer share for every two shares held by the qualifying shareholders at a price of HK$0.01 per offer share (the "**Open Offer**"). The subscription price of HK$0.01 per offer share represents a discount of approximately 85.51% to the closing price of HK$0.069 per Share as quoted on the Stock Exchange on 14 December 2011.

The Open Offer was fully-underwritten by the Placing Agent pursuant to the underwriting agreement dated 14 December 2011 entered into by and between the Company and the Placing Agent and was completed on 13 February 2012 with a total of 1,441,200,000 new shares at a price of HK$0.01 each with an aggregate nominal value of HK$1,441,200 issued on 13 February 2012, on the basis of 2,882,400,000 shares in issue on 19 January 2012, being the record date of the Open Offer. The aggregate net proceeds, after underwriting fees and expenses payable in relation to the Open Offer, amounted to approximately HK$13.59 million. The Company plans to utilise approximately HK$2.3 million of the proceeds towards the marketing and promotion of the catering business of the Group and the remaining balance will be applied towards the general working capital for the operations of the catering business. Details of the Open Offer are set out in the Company's prospectus dated 20 January 2012.

EMPLOYEES AND REMUNERATION POLICIES

At 30 April 2012, the Group employed a total of 74 employees as compared with 23 employees as at 30 April 2011. The increase in number of employees was mainly due to the recruitment of employees for the commencement of the new Chinese restaurant operations.

CHARGE ON GROUP'S ASSETS

There was no charge on the Group's assets during or at the year ended 30 April 2012.

CAPITAL COMMITMENTS

As at 30 April 2012, the Group did not have any significant capital commitment (2011: approximately HK$596,000).

CONTINGENT LIABILITIES

As at 30 April 2012, the Group had contingent liability in respect of corporate guarantee provided in favour of a potential business partner, being an independent third party, for the total amount of approximately HK$5,000,000 in relation to the obtaining of certain confidential information under a non-disclosure agreement.

FOREIGN CURRENCY EXPOSURE

The Group does not have a foreign currency hedging policy as the Board considers that the currency exposure is immaterial. However, the management will monitor foreign exchange position and will consider appropriate action should the circumstances change.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Proposed Investment in Cheong Tat

Pursuant to the agreement in relation to the subscription of the convertible bonds by Megamillion Asia Limited ("**Megamillion**"), in the event that the aggregate net profit after tax of 承德五穀農莊食品有限公司 (Chengde Wugu Farming & Food Co. Ltd*) and 承德綠豐生態農業科技發展有限公司 (Chengde Lufeng Farming & Technology Co. Ltd*) (collectively, the "**Operating Companies**") falls below RMB100 million for the year ended 31 December 2010 or RMB170 million for the year ended 31 December 2011 (the "**Profit Target**"), then prior to maturity of the Convertible Bonds, the total number of conversion shares of Cheong Tat International Development Limited ("**Cheong Tat**") issued to Megamillion shall be increased such that if the subscription rights of the convertible bonds were exercised in full, the conversion shares shall ultimately represent 99% of the entire equity interest of Cheong Tat as enlarged by such conversion.

Based on the audited accounts of the Operating Companies provided by Cheong Tat, the profit target has not been met. On 9 August 2011, the Board resolved to revise the January Conversion pursuant to the CB subscription agreement and request Cheong Tat to issue conversion shares representing 99% of the entire equity interest of Cheong Tat as enlarged by the revised January conversion to Megamillion. The proposed conversion constitutes a very substantial acquisition for the Company and is subject to the shareholders' approval.

On 30 January 2012, the Company received a proposal from Cheong Tat to settle the outstanding amount of the second loan and the accrued interest thereon and the principal amount of the convertible bonds against certain asset of Cheong Tat.

After due and careful consideration of the proposal, with reference to further information obtained from Cheong Tat and legal advices from the Company's legal consultant, on 27 April 2012, Megamillion initiated High Court Action No. 682/2012 in the Court of First Instance of the High Court of Hong Kong (the "**Action**") against Cheong Tat for, among other things, repayment of the second loan outstanding and the interest accrued thereon, other relief and costs of the Action and demanded, also by way of the Action, that Cheong Tat redeem the principal amount of the convertible bonds. The Action is still in process during the the year ended 30 April 2012.

As the conversion rights attached to the conversion bonds still subsist prior to the redemption of the conversion bonds and the Board may or may not proceed with the proposed conversion, the Board has postponed the date of despatch of the circular and the notice of the meeting to be convened and held to approve the proposed conversion to until 28 September 2012.

The proposed conversion presents an opportunity to expand into the PRC's non-fried instant noodles market, which currently has a limited number of companies participating in this sector.

* *For identification purpose only*

PROSPECT AND OUTLOOK

To diversify into the local catering business, the Group commenced its operation of East Ocean Dragon Seafood Restaurant (東海龍王海鮮酒家) ("**East Ocean Dragon**") at the end of August 2011. East Ocean Dragon is a Chinese restaurant located in Wanchai that targets the high end market and can accommodate up to 250 people. It has received good market recognition and was praised for its innovative cuisines, superior food quality and services.

The Group will continue to grow the restaurant's business by enhancing its public recognition and increasing its customer base.

The Company also intends to explore opportunities in the catering industry in Hong Kong and growth of the businesses and expect to achieve continued progress in this regard. Meanwhile, the Group will continue to prudently and actively identify and pursue potential projects with immense development potentials.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE SPV GROUP

Set out below is a summary of the audited financial information of the SPV Group for the period 21 May 2012 (date of incorporation) to 31 March 2013, the nine months ended 31 December 2013 and the three months ended 31 March 2014 and the unaudited financial information of the SPV Group for the three months ended 31 March 2013 prepared in accordance with Hong Kong Financial Reporting Standards.

	21 May 2012 (date of incorporation) to 31 March 2013	1 April 2013 to 31 December 2013	1 January 2013 to 31 March 2013	1 January 2014 to 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	0	90,228	0	44,075
(Loss) profit before taxation	(362)	8,581	(175)	6,833
(Loss) profit after taxation	(362)	5,487	(175)	5,097
Net (liabilities) asset	(284)	151,398	–	156,495

The following discussion and analysis should be read in conjunction with the financial information of the SPV Group for the period 21 May 2012 (date of incorporation) to 31 March 2013, the nine months ended 31 December 2013 and the three months ended 31 March 2013 and 2014 as set out in the Appendix II of this Circular.

For the three months ended 31 March 2014

Turnover and gross profit

Turnover generated from Chinese restaurant operation accounted for all revenue for the SPV Group. For the period from 1 January 2014 to 31 March 2014, the SPV Group achieved a turnover of approximately HK$44.1 million.

Gross profit for the three months ended 31 March 2014 was approximately HK$28.2 million. Gross profit margin was approximately 63.9%.

Other income

For the period from 1 January 2014 to 31 March 2014, the SPV Group recorded other income of approximately HK$1.9 million, which was primarily comprised of cash tips, sundry income and sales of seasonal goods.

Operating and administrative expenses and finance costs

For the period from 1 January 2014 to 31 March 2014, the operating and administrative expenses and finance costs of the SPV Group were approximately HK$19.4 million and approximately HK$3.8 million respectively. The finance cost mainly represented interests on the Subscriber SPV Loan, interests on loan from the holding company and the imputed interests on the Convertible Bonds.

Note 1: The results of FLM Group have been incorporated in the consolidated accounts of SPV since 4 June 2014 on which the acquisition of FLM HK and FLM Kowloon by the SPV was completed.

Profit before taxation and profit after taxation

For the period from 1 January 2014 to 31 March 2014, the net profit before taxation and net profit after taxation were approximately HK$6.8 million and approximately HK$5.1 million, respectively, as compared to a net loss before taxation and net loss after taxation of approximately HK$0.2 million and approximately HK$0.2 million respectively for the same period last year.

Bank and other borrowings and gearing ratio

As at 31 March 2014, the SPV Group had bank and other borrowings of approximately HK$172.9 million, representing the secured bank borrowings, borrowings made by the Subscriber to the SPV Group under Subscriber SPV Loan and the loan from the holding company.

As at 31 March 2014, the SPV Group's gearing ratio (the aggregate amount of bank and other borrowings and convertible bonds divided by total equity) was 226.3%[1]. There was no material effect of seasonality on the SPV Group's borrowing requirements.

Treasury management

The SPV Group adopts a balanced funding and treasury policy in cash and financial management. Cash is generally placed in short-term deposits. The SPV Group's financing requirements are regularly reviewed by the management. The SPV Group mainly funded its operations by cash, bank loans, trade payable under commercial operations, the Convertible Bonds, and the Subscriber SPV Loan.

Liquidity, financial resources and financial ratios

The SPV Group's net assets, total assets and liabilities were approximately HK$156.5 million, approximately HK$611.1 million and approximately HK$454.6 million, respectively as at 31 March 2014.

The SPV Group's current ratio as at 31 March 2014 was approximately 0.59. As at 31 March 2014, the net current liabilities of the SPV Group was approximately HK$38.0 million, which mainly comprise of (i) the amount due to the immediate holding company, (ii) bank and other borrowings and (iii) trade and other payables.

Foreign exchange exposure

The majority of the SPV Group's transactions, assets and liabilities are denominated in Hong Kong Dollars. Accordingly, no financial instruments for hedging purposes have been used by the SPV Group.

Note 1: As if the conversion has been completed as at 31 March 2014, the SPV's gearing ratio would be approximately 110.5%

Employee and emolument policy

As at 31 March 2014, the SPV Group employed a total of 166 employees. The SPV Group remunerated their employees with respect to their employment terms, individual performance and the prevailing industry practice. In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme.

Details of charges in the SPV Group's assets

The SPV Group had pledged certain leasehold land and buildings with carrying values of approximately HK$282.2 million as at 31 March 2014 to secure banking facilities granted to the SPV Group.

Contingent Liabilities

The SPV Group had no significant contingent liabilities as at 31 March 2014.

Details of significant investments, material acquisitions and disposal of subsidiaries and associated companies

For the period from 1 January 2014 to 31 March 2014, the SPV Group did not have any other significant investments, acquisitions and disposals of subsidiaries and associated companies.

Capital Commitments

As at 31 March 2014, the SPV Group had capital commitments of HK$0.1 million, representing capital expenditure in respect of acquisition of property, plant and equipment contracted for.

Prospects and future plans

The SPV Group will continue to strengthen its focus on Hong Kong-based wealthy customers and continue the provision of innovative and high-value quality food to enhance its competitiveness among the high-end Cantonese cuisine competitors.

More than 29.3 million tourists visited Macau and more than 15.6 million tourists visited Singapore during the year of 2013, representing a growth rate of 4.4% and 7.4%, respectively, compared with the same period last year. Turnover of retail sales in Macau for the year of 2013 increased by 24% year-on-year. The net weighted balance in percentage terms for the general business expectations in the accommodation & food services sector in Singapore for the second half of 2013 is +36, which is much higher than that of the first half of 2013 being -24. In light of the above-mentioned favourable factors, the SPV Group plans to open high-end Chinese restaurants serving Cantonese cuisine at preferable locations in the two regions to capture their markets and enhance its profitability, which is in the interest of the Company and the Shareholders as a whole.

With the Group acting as a sourcing agent for the SPV Group on top of the existing business after the Completion, the SPV Group's sourcing cost could be lowered through economies of scale for bulk purchase, which potentially enhances the SPV Group's profitability.

For the nine months ended 31 December 2013

Turnover and gross profit

Turnover generated from Chinese restaurant operation accounted for all revenue for the SPV Group. For the period from 1 April 2013 to 31 December 2013, the SPV Group achieved a turnover of approximately HK$90.2 million. Gross profit was approximately HK$58.3 million. Gross profit margin was approximately 64.6%.

Other income

For the period from 1 April 2013 to 31 December 2013, the SPV Group recorded other income of approximately HK$2.4 million, which was primarily comprised of cash tips, sundry income and sales of seasonal goods.

Operating and administrative expenses and finance costs

For the period from 1 April 2013 to 31 December 2013, the operating and administrative expenses and finance costs of the SPV Group was approximately HK$43.1 million and approximately HK$9.0 million respectively. The finance cost mainly represented interests on the Subscriber SPV Loan, interests on loan from immediate holding company and the imputed interests on the Convertible Bonds.

Profit before taxation and profit after taxation

For the period from 1 April 2013 to 31 December 2013, the net profit before taxation and net profit after taxation were approximately HK$8.6 million and approximately HK$5.5 million, respectively.

Bank and other borrowings and gearing ratio

As at 31 December 2013, the SPV Group had bank and other borrowings of approximately HK$169.7 million, representing secured bank borrowings and borrowings made by the Subscriber to the SPV Group under Subscriber SPV Loan.

As at 31 December 2013, the SPV Group's gearing ratio (the aggregate amount of bank and other borrowings and convertible bonds divided by total equity) was 230.4%[1]. There was no material effect of seasonality on the SPV Group's borrowing requirements.

Note 1: As if the Conversion has been completed as at 31 December 2013, the SPV's gearing ratio would be approximately 112.1%.

Treasury management

The SPV Group adopts a balanced funding and treasury policy in cash and financial management. Cash is generally placed in short-term deposits. The SPV Group's financing requirements are regularly reviewed by the management.

The SPV Group mainly funded its operations by cash, bank loans, trade payable under commercial operations, the Convertible Bonds, and the Subscriber SPV Loan.

Liquidity, financial resources and financial ratios

The SPV Group's net assets, total assets and liabilities were approximately HK$151.4 million, approximately HK$614.3 million and approximately HK$462.9 million, respectively as at 31 December 2013.

The SPV Group's current ratio as at 31 December 2013 was approximately 0.64.

As at 31 December 2013, the net current liabilities of the SPV Group was approximately HK$30.6 million which primarily represented (i) the amount due to the immediate holding company, (ii) bank and other borrowings and (iii) trade and other payables. There is no guarantee that subsequent to the Conversion, the operations of the SPV or the FLM Group will become profitable.

Foreign exchange exposure

The majority of the SPV Group's transactions, assets and liabilities are denominated in Hong Kong Dollars. Accordingly, no financial instruments for hedging purposes have been used by the SPV Group.

Employee and emolument policy

As at 31 December 2013, the SPV Group employed a total of 170 employees.

The SPV Group remunerated their employees with respect to their employment terms, individual performance and the prevailing industry practice. In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme.

Details of charges in the SPV Group's assets

The SPV Group had pledged certain leasehold land and buildings with carrying values of approximately HK$283.0 million as at 31 December 2013 to secure banking facilities granted to the SPV Group.

Contingent Liabilities

The SPV Group had no significant contingent liabilities as at 31 December 2013.

Details of significant investments, material acquisitions and disposal of subsidiaries and associated companies

For the period from 1 April 2013 to 31 December 2013, the material acquisitions by the SPV Group were the acquisitions of the 89.26% equity interest in FLM HK and the 86% equity interest in FLM Kowloon by the SPV. Save as disclosed above, the SPV Group did not have any other significant investments, acquisitions and disposals of subsidiaries and associated companies.

Capital Commitments

The SPV Group did not have any significant capital commitments as at 31 December 2013.

For the period 21 May 2012 (date of incorporation) to 31 March 2013

Financial highlights

For the period from 21 May 2012 (date of incorporation) to 31 March 2013, the SPV Group did not have any turnover and the loss before tax was approximately HK$0.4 million, as the SPV did not hold or operate any business before the acquisition of FLM HK and FLM Kowloon in 2013.

Bank borrowings and gearing ratio

As at 31 March 2013, the SPV Group did not have any bank and other borrowings.

As at 31 March 2013, the SPV Group's gearing ratio (the aggregate amount of bank and other borrowings and convertible bonds divided by total equity) was not applicable since total equity of the SPV was negative as at 31 March 2013. There was no material effect of seasonality on the SPV Group's borrowing requirements.

Treasury management

The SPV Group adopts a balanced funding and treasury policy in cash and financial management. The SPV Group's financing requirements are regularly reviewed by the management.

Liquidity, financial resources and financial ratios

The SPV Group's net liabilities, total assets and total liabilities were approximately HK$0.3 million, approximately HK$20.0 million and approximately HK$20.3 million, respectively as at 31 March 2013.

The SPV Group's current ratio as at 31 March 2013 was approximately 0.99.

Foreign exchange exposure

The majority of the SPV Group's transactions, assets and liabilities are denominated in Hong Kong Dollars. Accordingly, no financial instruments for hedging purposes have been used by the SPV Group.

Employee and emolument policy

As at 31 March 2013, the SPV Group employed a total of 158 employees.

The SPV Group remunerated their employees with respect to their employment terms, individual performance and the prevailing industry practice. In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme.

Details of charges in the SPV Group's assets

The SPV Group had no charge or pledge of assets as at 31 March 2013.

Contingent Liabilities

The SPV Group had no significant contingent liabilities as at 31 March 2013.

Details of significant investments, material acquisitions and disposal of subsidiaries and associated companies

The SPV Group did not have any significant investment, acquisition and disposal of subsidiaries and associated companies during the period from 21 May 2012 (date of incorporation) to 31 March 2013.

Capital Commitments

The SPV Group did not have any significant capital commitments as at 31 March 2013.

Set out below is a summary of the audited financial information of the FLM Group for the two years ended 31 March 2011, 2012, nine months ended 31 December 2013 and the three months ended 31 March 2014 and the unaudited financial information of the FLM Group for the three months ended 31 December 2013 prepared in accordance with Hong Kong Financial Reporting Standards.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FLM GROUP

FLM HK

	Year ended 31 March 2012 Audited *(HK$'000)*	Year ended 31 March 2013 Audited *(HK$'000)*	Nine months ended 31 December 2013 Audited *(HK$'000)*	Three months ended 31 March 2013 Unaudited *(HK$'000)*	Three months ended 31 March 2014 Audited *(HK$'000)*
Turnover	119,900	116,058	77,162	31,985	29,387
Profit Before Taxation	31,422	30,518	19,460	9,349	8,126
Profit After Taxation	25,816	24,950	15,866	7,563	6,711
Net Asset	66,659	69,609	85,475	–	92,186

FLM Kowloon

	Year ended 31 March 2012 Audited *(HK$'000)*	Year ended 31 March 2013 Audited *(HK$'000)*	Nine months ended 31 December 2013 Audited *(HK$'000)*	Three months ended 31 March 2013 Unaudited *(HK$'000)*	Three months ended 31 March 2014 Audited *(HK$'000)*
Turnover	53,996	51,512	37,201	14,545	14,688
Profit Before Taxation	10,553	9,985	8,939	3,873	4,681
Profit After Taxation	8,579	8,112	7,350	3,175	3,869
Net Asset	16,408	16,320	23,670	–	27,539

The following discussion and analysis should be read in conjunction with the financial information of the FLM Group for the two years ended 31 March 2011 and 2012, nine months ended 31 December 2013 and the three months ended 31 March 2013 and 2014 as set out in the Appendix III of this circular.

For the three months ended 31 March 2014

BUSINESS AND FINANCIAL REVIEW

FLM HK

Turnover and gross profit

Turnover generated from the Chinese restaurant operation accounted for all the turnover of FLM HK. Turnover decreased by approximately 8.1% to approximately HK$29.4 million for the three months ended 31 March 2014 from approximately HK$32.0 million for the three months ended 31 March 2013. The decrease in turnover was primarily due to the decrease of average spending per customer despite the total number of customers increased over the respective periods.

Gross profit of FLM HK decreased by approximately 6.1% to approximately HK$18.6 million for the three months ended 31 March 2014 from approximately HK$19.8 million for the three months ended 31 March 2013. Gross profit margin of FLM HK improved from 61.9% for the three months ended 31 March 2013 to 63.3% for the three months ended 31 March 2014 as a result of better cost control of FLM HK over the respective periods.

Other income

Other income of FLM HK increased by approximately 110.5% to approximately HK$1.2 million for the three months ended 31 March 2014 from approximately HK$0.57 million for the three months ended 31 March 2013. The increase in other income was mainly due to the increase of sales of seasonal goods over the respective periods.

Operating and administrative expenses

Operating and administrative expenses of FLM HK increased by approximately 4.5% to approximately HK$11.5 million for the three months ended 31 March 2014 from approximately HK$11.0 million for the three months ended 31 March 2013. Operating and administrative expenses of FLM HK have remained stable across the periods.

Finance costs

Finance costs of FLM HK increased by approximately 872.7% to approximately HK$214,000 for the three months ended 31 March 2014 from approximately HK$22,000 for the three months ended 31 March 2013. The increase in finance costs was primarily due to the increase in bank borrowings over the respective periods.

Income tax expense

Income tax expense of FLM HK decreased by approximately 22.2% to approximately HK$1.4 million for the three months ended 31 March 2014 from approximately HK$1.8 million for the three months ended 31 March 2013. The decrease in income tax expense was primarily due to relatively lower profit before tax for the three months ended 31 March 2014.

FLM Kowloon

Turnover and gross profit

Turnover generated from the Chinese restaurant operation accounted for all the turnover of FLM Kowloon. Turnover increased by approximately 1.4% to approximately HK$14.7 million for the three months ended 31 March 2014 from approximately HK$14.5 million for the three months ended 31 March 2013. Turnover has remained stable across the periods.

Gross profit of FLM Kowloon decreased by approximately 4.1% approximately HK$9.4 million for the three months ended 31 March 2014 from approximately HK$9.8 million for the three months ended 31 March 2013. Gross profit margin decreased from approximately 67.6% for three months ended 31 March 2013 to approximately 63.9% three months ended 31 March 2014.

Other income

Other income of FLM Kowloon increased by approximately 131.4% to approximately HK$0.81 million for the three months ended 31 March 2014 from approximately HK$0.35 million for the three months ended 31 March 2013. The increase in other income was primarily due to the increase of sales of seasonal goods over the respective periods.

Operating and administrative expenses

Operating and administrative expenses of FLM Kowloon decreased by approximately 11.1% to approximately HK$5.6 million for the three months ended 31 March 2014 from approximately HK$6.3 million for the three months ended 31 March 2013.

Income tax expense

Income tax expense of FLM Kowloon increased by approximately 15.7% to approximately HK$0.81 million for the three months ended 31 March 2014 from approximately HK$0.70 million for the three months ended 31 March 2013. The increase in income tax expense was primarily due to relatively higher profit before tax for the three months ended 31 March 2014.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

As at 31 March 2014, FLM Kowloon had 100% shareholding interest in a Hong Kong-incorporated subsidiary, Champion Tree Investment Limited. It is principally engaged in property investment and is holding 100% of interests in FLM Kowloon Properties.

Save for disclosed above, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies for the three months ended 31 March 2014.

LIQUIDITY AND FINANCIAL RESOURCES

The FLM Group adopts a balanced funding and treasury policies in cash and financial management. Cash is generally placed in short-term deposits. The FLM Group's financing requirements are regularly reviewed by the management.

The FLM Group mainly funded its operation by cash, bank loans and loans from/amount due to directors.

FLM HK

As at 31 March 2014, FLM HK held bank balances and cash amounting to approximately HK$6.2 million and had an outstanding interest-bearing bank borrowings, amounts due to directors and an amount due to FLM Kowloon of approximately HK$55.3 million, HK$0.25 million and HK$86,000, respectively. The amount due to a FLM Kowloon was non-interest bearing and repayable on demand.

The net assets, total assets and liabilities of FLM HK were approximately HK$92.2 million, HK$155.1 million and HK$62.9 million respectively as at as at 31 March 2014.

The current ratio of FLM HK (based on the ratio of total current assets to current liabilities), was approximately 0.94 as at 31 March 2014.

The gearing ratio of FLM HK (being bank and other borrowings over total equity of FLM HK) was approximately 60.0% as at 31 March 2014.

FLM Kowloon

As at 31 March 2014 FLM Kowloon held bank balances and cash amounting to approximately HK$2.4 million and had amounts due to directors and amounts due to related companies of approximately HK$2.6 million and HK$0.72 million, respectively.

The net assets, total assets and liabilities of FLM Kowloon were approximately HK$27.5 million, HK$33.3 million and HK$5.7 million respectively as at 31 March 2014.

The current ratio of FLM Kowloon (based on the ratio of total current assets to current liabilities), was approximately 2.1 as at 31 March 2014.

The gearing ratio of FLM Kowloon (being bank and other borrowings over total equity of FLM Kowloon) was not applicable as at 31 March 2014, since FLM Kowloon has no bank and other borrowings as at the respective date.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2014, the headcount of the FLM Group was 166 (31 March 2013: 158). Staff costs (including directors' remuneration) for the three months ended 31 March 2014 amounted to approximately HK$11.3 million (for the three months ended 31 March 2013: approximately HK$10.4 million). The FLM Group remunerated their employees with respect to their employment terms, individual performance and the prevailing industry practice. In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme and share options.

CHARGES ON ASSETS

Save for that FLM HK has pledged certain leasehold land and buildings with carrying values of approximately HK$93.7 million as at 31 March 2014 to secure the banking facilities granted to the FLM HK, the FLM Group did not have any charges on assets as at 31 March 2014.

SEGMENTAL ANALYSIS

The FLM Group is solely engaged in the operation of high-end Chinese restaurant business and serving Cantonese cuisine and does not have other segments.

For the nine months ended 31 December 2013

BUSINESS AND FINANCIAL REVIEW

FLM HK

Turnover and gross profit

Turnover generated from the Chinese restaurant operation accounted for all the turnover of FLM HK. Turnover decreased by approximately 11.4% to the annualised[1] amount of approximately HK$102.9 million for the nine months ended 31 December 2013 from approximately HK$116.1 million for the year ended 31 March 2013. The decrease in turnover was primarily due to the decrease of average spending per customer despite the total number of customers increased over the respective periods.

Gross profit of FLM HK decreased by approximately 8.7% to the annualised[2] amount of approximately HK$65.4 million for the nine months ended 31 December 2013 from approximately HK$71.6 million for the year ended 31 March 2013. The gross profit margin improved from 61.7% for the year ended 31 March 2013 to 63.6% for the nine months ended 31 December 2013 as a result of better cost control of FLM HK over the respective periods.

Other income

Other income of FLM HK increased by approximately 4.3% to the annualised[3] amount of approximately HK$2.4 million for the nine months ended 31 December 2013 from approximately HK$2.3 million for the year ended 31 March 2013. Other income has remained stable across the periods.

1 The audited turnover for the nine months ended 31 December 2013 was approximately HK$77.2 million. The annualized amount represents the hypothetical amount of the revenue for the year ended 31 March 2014 which is arrived at by multiplying the revenue for the nine months ended 31 December 2013 by a fraction (i.e. 12/9 in the present case) as if the same proportion of revenue was recognized for the three months ended 31 March 2014.

2 The audited gross profit for the nine months ended 31 December 2013 was approximately HK$49.1 million. The annualized amount represents the hypothetical amount of the gross profit for the year ended 31 March 2014 which is arrived at by multiplying the gross profit for the nine months ended 31 December 2013 by a fraction (i.e. 12/9 in the present case) as if the same proportion of gross profit was recognized for the three months ended 31 March 2014.

3 The audited other income for the nine months ended 31 December 2013 was approximately HK$1.8 million. The annualized amount represents the hypothetical amount of the other income for the year ended 31 March 2014 which is arrived at by multiplying the other income for the nine months ended 31 December 2013 by a fraction (i.e. 12/9 in the present case) as if the same proportion of other income was recognized for the three months ended 31 March 2014.

Operating and administrative expenses

Operating and administrative expenses of FLM HK decreased by approximately 3.0% to the annualised[4] amount of approximately HK$41.9 million for the nine months ended 31 December 2013 from approximately HK$43.2 million for the year ended 31 March 2013. The decrease in operating and administrative expenses was primarily due to the reduction in remuneration of the senior management.

Finance costs

Finance costs of FLM HK decreased by approximately 16.3% to the annualised[5] amount of approximately HK$77,000 for the nine months ended 31 December 2013 from approximately HK$92,000 for the year ended 31 March 2013.

Income tax expense

Income tax expense of FLM HK decreased by approximately 14.3% to the annualised[6] amount of approximately HK$4.8 million for the nine months ended 31 December 2013 from approximately HK$5.6 million for the year ended 31 March 2013. The decrease in income tax expense was primarily due to relatively lower annualised profit before tax for the nine months ended 31 December 2013.

4 The audited operating and administrative expenses for the nine months ended 31 December 2013 was approximately HK$31.4 million. The annualized amount represents the hypothetical amount of the operating and administrative expenses for the year ended 31 March 2014 which is arrived at by multiplying the operating and administrative expenses for the nine months ended 31 December 2013 by a fraction (i.e. 12/9 in the present case) as if the same proportion of operating and administrative expenses was recognized for the three months ended 31 March 2014.

5 The audited finance costs for the nine months ended 31 December 2012 was approximately HK$58,000. The annualized amount represents the hypothetical amount of the finance costs for the year ended 31 March 2014 which is arrived at by multiplying the finance costs for the nine months ended 31 December 2013 by a fraction (i.e. 12/9 in the present case) as if the same proportion of finance costs was recognized for the three months ended 31 March 2014.

6 The audited income tax expense for the nine months ended 31 December 2013 was approximately HK$3.6 million. The annualized amount represents the hypothetical amount of the income tax expense for the year ended 31 March 2014 which is arrived at by multiplying the income tax expense for the nine months ended 31 December 2013 by a fraction (i.e. 12/9 in the present case) as if the same proportion of income tax expense was recognized for the three months ended 31 March 2014.

FLM Kowloon

Turnover and gross profit

Turnover generated from the Chinese restaurant operation accounted for all turnover of FLM Kowloon. Turnover decreased by approximately 3.7% to the annualised[7] amount of approximately HK$49.6 million for the nine months ended 31 December 2013 as compared to approximately HK$51.5 million for the year ended 31 March 2013. The decrease in turnover was primarily due to the decrease of average spending per customer, although the total number of customers increased over the respective periods.

Gross profit of FLM Kowloon decreased by approximately 5.7% to the annualised[8] amount of approximately HK$32.8 million for the nine months ended 31 December 2013 from approximately HK$34.8 million for the year ended 31 March 2013. Gross profit margin declined slightly from 67.6% for the year ended 31 March 2013 to 66.1% for the nine months ended 31 December 2013.

Other income

Other income of FLM Kowloon increased by approximately 33.3% to the annualised[9] amount of approximately HK$2.4 million for the nine months ended 31 December 2013 from approximately HK$1.8 million for the year ended 31 March 2013. The increase in other income was primarily due to the increase in gain on sales of raw material and seasonal goods.

7 The audited revenue for the nine months ended 31 December 2013 was approximately HK$37.2 million. The annualized amount represents the hypothetical amount of the revenue for the year ended 31 March 2014 which is arrived at by multiplying the revenue for the nine months ended 31 December 2013 by a fraction (i.e. 12/9 in the present case) as if the same proportion of revenue was recognized for the three months ended 31 March 2014.

8 The audited gross profit for the nine months ended 31 December 2012 was approximately HK$24.6 million. The annualized amount represents the hypothetical amount of the gross profit for the year ended 31 March 2014 which is arrived at by multiplying the gross profit for the nine months ended 31 December 2013 by a fraction (i.e. 12/9 in the present case) as if the same proportion of gross profit was recognized for the three months ended 31 March 2014.

9 The audited other income for the nine months ended 31 December 2013 was approximately HK$1.8 million. The annualized amount represents the hypothetical amount of the other income for the year ended 31 March 2014 which is arrived at by multiplying the other income for the nine months ended 31 December 2013 by a fraction (i.e. 12/9 in the present case) as if the same proportion of other income was recognized for the three months ended 31 March 2014.

Operating and administrative expenses

Operating and administrative expenses of FLM Kowloon decreased by approximately 13.1% to the annualised[10] amount of approximately HK$23.2 million for the nine months ended 31 December 2013 from approximately HK$26.7 million for the year ended 31 March 2013. The decrease in operating and administrative expenses was primarily due to the reduction in remuneration of the senior management.

Income tax expense

Income tax expense of FLM Kowloon increased by approximately 10.5% to the annualised[11] amount of approximately HK$2.1 million for the nine months ended 31 December 2013 from approximately HK$1.9 million for the year ended 31 March 2013. The increase in income tax expense was primarily due to the increase in profit before tax over the respective period.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

As at 31 December 2013, FLM Kowloon had 100% shareholding interest in a Hong Kong-incorporated subsidiary, Champion Tree Investment Limited. It is principally engaged in property investment and is holding 100% of interests in FLM Kowloon Properties.

Save for disclosed above, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies for the nine months ended 31 December 2013.

LIQUIDITY AND FINANCIAL RESOURCES

The FLM Group adopts a balanced funding and treasury policies in cash and financial management. Cash is generally placed in short-term deposits. The FLM Group's financing requirements are regularly reviewed by the management.

The FLM Group mainly funded its operation by cash, bank loans and loans from/amount due to directors.

[10] The audited operating and administrative expenses for the nine months ended 31 December 2013 was approximately HK$17.4 million. The annualized amount represents the hypothetical amount of the operating and administrative expenses for the year ended 31 March 2014 which is arrived at by multiplying the operating and administrative expenses for the nine months ended 31 December 2013 by a fraction (i.e. 12/9 in the present case) as if the same proportion of operating and administrative expenses was recognized for the three months ended 31 March 2014.

[11] The audited income tax expense for the nine months ended 31 December 2013 was approximately HK$1.6 million. The annualized amount represents the hypothetical amount of the income tax expense for the year ended 31 March 2014 which is arrived at by multiplying the income tax expense for the nine months ended 31 December 2013 by a fraction (i.e. 12/9 in the present case) as if the same proportion of income tax expense was recognized for the three months ended 31 March 2014.

FLM HK

As at 31 December 2013, FLM HK held bank balances and cash amounting to approximately HK$15.3 million and had an outstanding interest-bearing bank borrowings, amounts due to directors and an amount due to FLM Kowloon of approximately HK$35.0 million, HK$0.25 million and HK$1.1 million, respectively. The amount due to a FLM Kowloon was non-interest bearing and repayable on demand.

The net assets, total assets and liabilities of FLM HK were approximately HK$85.5 million, HK$133.7 million and HK$48.2 million respectively as at as at 31 December 2013.

The current ratio of FLM HK (based on the ratio of total current assets to current liabilities), was approximately 0.76 as at 31 December 2013.

The gearing ratio of FLM HK (being bank and other borrowings over total equity of FLM HK) was 41.0% as at 31 December 2013.

FLM Kowloon

As at 31 December 2013, FLM Kowloon held bank balances and cash amounting to approximately HK$6.8 million and had amounts due to directors of approximately HK$12.2 million, which was non-interest bearing and repayable on demand.

The net assets, total assets and liabilities of FLM Kowloon were approximately HK$23.7 million, HK$40.8 million and HK$17.1 million respectively as at as at 31 December 2013.

The current ratio of FLM Kowloon (based on the ratio of total current assets to current liabilities), was approximately 1.1 as at 31 December 2013.

The gearing ratio of FLM Kowloon (being bank and other borrowings over total equity attributable of FLM Kowloon) were not applicable as at 31 December 2013, since FLM Kowloon has no bank and other borrowings as at the respective date.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the headcount of the FLM Group was 170 (31 March 2013: 158). Staff costs (including directors' remuneration) for the nine months ended 31 December 2013 amounted to HK$33.3 million (for the twelve months ended 31 March 2013: HK$44.4 million). The FLM Group remunerated their employees with respect to their employment terms, individual performance and the prevailing industry practice. In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme and share options.

CHARGES ON ASSETS

Save for that FLM HK has pledged certain leasehold land and buildings with carrying values of approximately HK$94.5 million as at 31 December 2013 to secure the banking facilities granted to the FLM HK, the FLM Group did not have any charges on assets as at 31 December 2013.

SEGMENTAL ANALYSIS

The FLM Group is solely engaged in the operation of high-end Chinese restaurant business and serving Cantonese cuisine and does not have other segments.

CAPITAL COMMITMENT

The FLM Group did not have any material capital commitment as at 31 December 2013.

CONTINGENT LIABILITIES

The FLM Group did not have any material contingent liabilities or obligations as at 31 December 2013.

FOREIGN CURRENCY EXPOSURE

The majority of the FLM Group's transactions, assets and liabilities are denominated in Hong Kong Dollars. Accordingly, no financial instruments for hedging purposes have been used by the FLM Group.

Year ended 31 March 2013

BUSINESS AND FINANCIAL REVIEW

FLM HK

Turnover and gross profit

Turnover generated from the Chinese restaurant operation accounted for all turnover of FLM HK. Turnover decreased by approximately 3.2% to approximately HK$116.1 million for the year ended 31 March 2013 from approximately HK$119.9 million for the year ended 31 March 2012. The decrease in turnover was primarily due to the decrease in average spending per customer, although the total number of customers increased over the respective periods.

Gross profit of FLM HK has slightly decreased by approximately 2.1% to approximately HK$71.6 million for the year ended 31 March 2013 from approximately 73.1 million for the year ended 31 March 2012. Gross profit margin has remained stable, being 61.0% for the year ended 31 March 2012 and 61.7% for the year ended 31 March 2013, respectively.

Other income

Other income of FLM HK decreased by approximately 45.2% to approximately HK$2.3 million for the year ended 31 March 2013 from approximately HK$4.2 million for the year ended 31 March 2012. The decrease in other income was primarily due to the decrease in electricity subsidy and dividend income from unlisted investment over the respective periods.

Operating and administrative expenses

Operating and administrative expenses of FLM HK decreased by approximately 5.9% to approximately HK$43.2 million for the year ended 31 March 2013 from approximately HK$45.9 million for the year ended 31 March 2012. The decrease in operating and administrative expenses was primarily due to better cost control and reduction in remuneration to senior management over the respective periods.

Finance costs

Finance costs of FLM HK increased by approximately 5.7% to HK$92,000 for the year ended 31 March 2013 from approximately HK$87,000 for the year ended 31 March 2012.

Income tax expense

FLM HK recorded income tax expense of approximately HK$5.6 million for the year ended 31 March 2013 which was approximately the same as that for the year ended 31 March 2012. Income tax expense has remained stable over the respective periods.

FLM Kowloon

Turnover and gross profit

Turnover generated from the Chinese restaurant operation accounted for all turnover of FLM Kowloon. Turnover decreased by approximately 4.6% to approximately HK$51.5 million for the year ended 31 March 2013 from approximately HK$54.0 million for the year ended 31 March 2012. The decrease in turnover was primarily due to the decrease in average spending per customer, although the total number of customers increased over the respective periods.

Gross profit of FLM Kowloon decreased by approximately 4.9% to approximately HK$34.8 million for the year ended 31 March 2013 from approximately HK$36.6 million for the year ended 31 March 2012. The gross profit margin decreased slightly from approximately 67.8% for the year ended 31 March 2012 to approximately 67.6% for the year ended 31 March 2013. Gross profit margin has remained stable across the respective periods.

Other income

Other income of FLM Kowloon increased by approximately 12.5% to approximately HK$1.8 million for the year ended 31 March 2013 from approximately HK$1.6 million for the year ended 31 March 2012. The increase in other income was primarily due to the increase in cash tips receivable.

Operating and administrative expenses

Operating and administrative expenses of FLM Kowloon decreased by approximately 3.6% to approximately HK$26.7 million for the year ended 31 March 2013 from approximately HK$27.7 million for the year ended 31 March 2012. The decrease in operating and administrative expenses was primarily due to better cost control and reduction in remuneration of senior management.

Income tax expense

The income tax expense remained stable, being approximately HK$1.9 million for the year ended 31 December 2013 and approximately HK$2.0 million for the year ended 31 March 2013.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

As at 31 March 2013, FLM Kowloon had 100% shareholding interest in a Hong Kong-incorporated subsidiary, Champion Tree Investment Limited. It is principally engaged in property investment and is currently holding 100% of FLM Kowloon Properties.

Save for disclosed above, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 March 2013.

LIQUIDITY AND FINANCIAL RESOURCES

The FLM Group adopts a balanced funding and treasury policies in cash and financial management. Cash is generally placed in short-term deposits. The FLM Group's financing requirements are regularly reviewed by the management.

The FLM Group mainly funded its operation by cash, bank loans and loan from/amount due to directors.

FLM HK

As at 31 March 2013, FLM HK held bank balances and cash amounting to approximately HK$22.7 million and had an outstanding interest-bearing bank borrowings, loan from directors and an amount due to FLM Kowloon of approximately HK$7.9 million, HK$65.4 million and HK$0.5 million, respectively. The amount due to a FLM Kowloon was non-interest bearing and repayable on demand.

The net assets, total assets and liabilities of FLM HK were approximately HK$69.6 million, HK$151.3 million and HK$81.7 million respectively as at as at 31 March 2013.

The current ratio of FLM HK (based on the ratio of total current assets to current liabilities), was approximately 0.63 as at 31 March 2013.

The gearing ratio of FLM HK (being bank and other borrowings over total equity of FLM HK) was approximately 105.3% as at 31 March 2013.

FLM Kowloon

FLM Kowloon's cash and cash equivalents were approximately HK$14.2 million as at 31 March 2013.

The net assets, total assets and liabilities of FLM Kowloon were approximately HK$16.3 million, HK$56.8 million and HK$40.5 million respectively as at 31 March 2012.

The current ratio of FLM Kowloon (based on the ratio of total current assets to current liabilities), was approximately 0.85 as at 31 March 2013.

The gearing ratio of FLM Kowloon (being bank and other borrowings over total equity of FLM Kowloon) were not applicable as at 31 March 2013, since FLM Kowloon has no bank and other borrowings as at the respective date.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2013, the headcount of the FLM Group was 158 (2012: 174). Staff costs (including directors' remuneration) for the year ended 31 March 2013 amounted to HK$44.4 million (2012: HK$46.1 million). The FLM Group remunerated their employees with respect to their employment terms, individual performance and the prevailing industry practice. In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme and share options..

CHARGES ON ASSETS

Save for that FLM HK has pledged certain leasehold land and buildings with carrying values of approximately HK$97.0 million as at 31 March 2013 to secure the banking facilities granted to the FLM HK, the FLM Group did not have any charges on assets as at 31 March 2013.

SEGMENTAL ANALYSIS

The FLM Group is solely engaged in the operation of high-end Chinese restaurant business and serving Cantonese cuisine and does not have other segments.

CAPITAL COMMITMENT

The FLM Group did not have any material capital commitment as at 31 March 2013.

CONTINGENT LIABILITIES

The FLM Group did not have any material contingent liabilities or obligations as at 31 March 2013.

FOREIGN CURRENCY EXPOSURE

The majority of the FLM Group's transactions, assets and liabilities are denominated in Hong Kong Dollars. Accordingly, no financial instruments for hedging purposes have been used by the FLM Group.

Year ended 31 March 2012

BUSINESS AND FINANCIAL REVIEW

FLM HK

Turnover and gross profit

Turnover generated from the Chinese restaurant operation accounted for all turnover for FLM HK. For the year ended 31 March 2012, FLM HK achieved a turnover of approximately HK$119.9 million. Gross profit was approximately HK$73.1 million. The gross profit margin was approximately 61.0%.

Other income

For the year ended 31 March 2012, FLM HK recorded other income of approximately HK$4.2 million, which was primarily comprised of cash tips, dividend income from unlisted investment and electricity company subsidy.

Operating and administrative expenses, finance costs and income tax expenses

For the year ended 31 March 2012, operating and administrative expenses, finance costs and income tax expense of FLM HK was approximately HK$45.9 million, HK$87,000 and HK$5.6 million respectively.

FLM Kowloon

Turnover and gross profit

Turnover generated from the Chinese restaurant operation accounted for all turnover for FLM Kowloon. For the year ended 31 March 2012, FLM Kowloon achieved a turnover of approximately HK$54.0 million. Gross profit was approximately HK$36.6 million. The gross profit margin was approximately 67.8%.

Other income

For the year ended 31 March 2012, FLM Kowloon recorded other income of approximately HK$1.6 million, which was primarily comprised of cash tips and gain on sales of raw material.

Operating and administrative expenses and income tax expenses

For the year ended 31 March 2012, operating and administrative expenses and income tax expense of FLM Kowloon was approximately HK$27.7 million and HK$2.0 million respectively.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

As at 31 March 2012, FLM Kowloon had 100% shareholding interest in a Hong Kong-incorporated subsidiary, Champion Tree Investment Limited. It is principally engaged in property investment and is holding 100% interest in FLM Kowloon Properties.

Save for disclosed above, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 March 2012.

LIQUIDITY AND FINANCIAL RESOURCES

The FLM Group adopts a balanced funding and treasury policies in cash and financial management. Cash is generally placed in short-term deposits. The FLM Group's financing requirements are regularly reviewed by the management.

The FLM Group mainly funded its operation by cash; bank loans and loan from/amount due to directors.

FLM HK

As at 31 March 2012, FLM HK held bank balances and cash amounting to approximately HK$22.4 million and had an outstanding interest-bearing bank borrowings and loans from directors of approximately HK$8.7 million and HK$72.0 million, respectively.

The net assets, total assets and liabilities of FLM HK were approximately HK$66.7 million, HK$157.9 million and HK$91.2 million respectively as at as at 31 March 2012.

The current ratio of FLM HK (based on the ratio of total current assets to current liabilities), was approximately 0.58 as at 31 March 2012.

The gearing ratio of FLM HK (being bank and other borrowings over total equity of FLM HK) was approximately 120.9% as at 31 March 2012.

FLM Kowloon

FLM Kowloon's cash and cash equivalents were approximately HK$9.8 million as at 31 March 2012.

The net assets, total assets and liabilities of FLM Kowloon were approximately HK$16.4 million, HK$58.8 million and HK$42.4 million respectively as at as at 31 March 2012.

The current ratio of FLM Kowloon (based on the ratio of total current assets to current liabilities), was approximately 0.78 as at 31 March 2012.

The gearing ratio of FLM Kowloon (being bank and other borrowings over total equity of FLM Kowloon) were not applicable as at 31 March 2012, since FLM Kowloon has no bank and other borrowings as at the respective date.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2012, the headcount of the FLM Group was 174 (2011: 175). Staff costs (including directors' remuneration) for the year ended 31 March 2012 amounted to HK$46.05 million (2011: HK$44.1 million). The FLM Group remunerated their employees with respect to their employment terms, individual performance and the prevailing industry practice. In addition to basic salaries, provident fund and discretionary bonus, staff benefits include medical scheme and share options..

CHARGES ON ASSETS

Save for that FLM HK has pledged certain leasehold land and buildings with carrying values of approximately HK$100.3 million as at 31 March 2012 to secure the banking facilities granted to the FLM HK, the FLM Group did not have any charges on assets as at 31 March 2012.

SEGMENTAL ANALYSIS

The FLM Group is solely engaged in the operation of high-end Chinese restaurant business and serving Cantonese cuisine and does not have other segments.

CAPITAL COMMITMENT

The FLM Group did not have any material capital commitment as at 31 March 2012.

CONTINGENT LIABILITIES

The FLM Group did not have any material contingent liabilities or obligations for the year ended 31 March 2012.

FOREIGN CURRENCY EXPOSURE

The majority of the FLM Group's transactions, assets and liabilities are denominated in Hong Kong Dollars. Accordingly, no financial instruments for hedging purposes have been used by the FLM Group.

The following is the text of letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this circular, received from Grant Sherman Appraisal Limited, an independent property valuer, in connection with their valuation as at 31 May 2014 of the property interests held by the Group in Hong Kong.

GRANT SHERMAN

Room 1005 on 10/F AXA Centre
151 Gloucester Road
Wanchai
Hong Kong

29 August 2014

The Directors
Chinese Food and Beverage Group Limited
4/F, Phase I, Kaiser Estate,
41 Man Yue Street,
Hunghom,
Kowloon,
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests to be held by Chinese Food and Beverage Group Limited (the "**Company**") and its subsidiaries (together referred to as the "**Group**") located in Hong Kong following the completion of the exercise of conversion rights conferred by the convertible bonds issued by Professional Guide Enterprise Limited on 4 June 2013 to Rich Paragon Limited, an indirectly wholly-owned subsidiary of the Company, we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such interests as at 31 May 2014 (the "**Valuation Date**") for the purpose of incorporation into the circular issued by the Company on the date hereof.

Our valuation is our opinion of market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Market value is understood as the value of a property estimated without regard to costs of sale or purchase (or Transaction) and without offset for any associated taxes or potential taxes.

In valuing the property interests in Hong Kong, we have adopted the direct comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the subject property. Furthermore, we have valued the properties subject to the existing re-renovation schedule provided by the Company where the properties will be re-partitioned into various retail units and will be disposed individually.

Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

We have caused searches to be made on the title of the properties at the Land Registry in Hong Kong, however, we have not scrutinized the original title documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us.

In valuing the property interests which are situated in Hong Kong and held under the government leases which will be expired before 30th June 2047, we have taken into account of the statement contained in the Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases would have been extended without payment of premium until 30th June 2047 and that an annual rent of three percent of the rateable values of the properties would be charged from the date of extension.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on matters such as statutory notices, easements, tenure, occupancy, floor areas, identification of the properties and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have relied on the Company's confirmation that no material fact has been omitted from the information so supplied. All documents have been used as reference only. All dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interiors of the properties in respect of which we have been provided with such information as we have required for the purpose of our valuation. However, no structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible. We are therefore, unable to report that the properties are free of rot, infestation or any structural defect. No tests have been carried out on any of the building services.

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollars (HK$).

The properties were inspected by our Ms. Erica Zhang (BSc, FRM) and Ms. Flora Chan (BSc) on 23 April 2014 and 25 April 2014. The external conditions of the properties were reasonable.

We enclose herewith the summary of valuations together with the valuation certificates.

Respectfully submitted,
For and on behalf of
GRANT SHERMAN APPRAISAL LIMITED

Lawrence Chan Ka Wah
MRICS MHKIS RPS(GP) MHIREA
Director
Real Estate Group

Note: Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors and Registered Professional Surveyors in the General Practice Section, who has over 10 years experience in the valuation of properties in Hong Kong, Macau, Taiwan, the PRC and the Asian Rim.

SUMMARY OF VALUATIONS

Property interests held by the Group for self-occupation in Hong Kong

	Property	Market value in existing state as at 31 May 2014 *HK$*	Interest attributable to the Group	Market value attributable to the Group as at 31 May 2014 *HK$*
1.	Shop No.2B (formerly known as Shop No.3) on Ground Floor, the whole of 1st, 2nd & 3rd Floor, Flat A, B & C on 4th Floor including flat roof thereof Newman House, Nos.35-45 Johnston Road, Wanchai, Hong Kong	300,000,000	89.26%	267,780,000
2.	Shop 8 on Ground Floor and Shop on 1st Floor, Luna Court, No.55 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong	240,000,000	86%	206,400,000
3.	Flat C on 3/F., Lai Yuen Apartments, No.61 Russell Street, Causeway Bay, Hong Kong	12,200,000	89.26%	10,890,000
4.	Flat N on 2nd Floor, Universal Mansion (Second Stage), No.52 Hillwood Road, Tsim Sha Tsui, Kowloon, Hong Kong	5,200,000	86%	4,470,000
	Total	**557,400,000**		**489,540,000**

VALUATION CERTIFICATE

Property interests held by the Group for self-occupation in Hong Kong

	Property	Description and tenure	Particular of occupancy	**Market value in existing state as at 31 May 2014** *HK$*
1.	Shop No.2B (formerly known as Shop No.3) on Ground Floor, the whole of 1st, 2nd & 3rd Floor, Flat A, B & C on 4th Floor including flat roof thereof Newman House, Nos.35-45 Johnston Road, Wanchai, Hong Kong 32/173th equal and undivided shares of and in Section E of Inland Lot No.2830, the remaining portion of Inland Lot No.5077, the remaining portion of Inland Lot No.5078, the remaining portion of Inland Lot No.5079, and the remaining portion of Inland Lot No.5080.	The property comprises the whole on Ground Floor to 4th Floor of a 23-storey composite building completed in about 1979. The property has a total saleable area of approximately 18,140 sq.ft. The property is held under government lease for a term of 99 years renewable for 99 years commencing from 25 May 1929 for Section E of Inland Lot No.2830. The property is held under government lease for a term of 99 years renewable for 99 years commencing from 26 March 1929 for the remaining portion of Inland Lot No.5077, the remaining portion of Inland Lot No.5078, the remaining portion of Inland Lot No.5079, and the remaining portion of Inland Lot No.5080. The Government rent payable for Section E of Inland Lot No.2830 is $24 per annum.	The property was occupied by the Group as restaurant, office and storeroom as at the Valuation Date.	300,000,000 **Interest attributable to the Group** 89.26% **Market value attributable to the Group as at 31 May 2014** *HK$* 267,780,000

Notes:

i) Pursuant to the Land Registers, the registered owner of the property is Fook Lam Moon Restaurant Limited, registered vide Memorial No. 08030401370212 dated 5 February 2008.

ii) The property is subject to a mortgage in favor of Bank of China (Hong Kong) Limited vide Memorial No. 08030401370225 dated 2 February 2008.

iii) Pursuant to the Draft Wan Chai Outline Zoning Plan (Plan No.: S/H5/27), the area where the property situated is zoned as "Commercial".

iv) As advised by the Company, Fook Lam Moon Restaurant Limited is a company incorporated in Hong Kong with limited liability.

v) The property is located along Johnston Road. The vicinity is mainly comprised of high-rise residential and office buildings. The property is accessible via bus, tram and MTR and is within 5 minutes walking distance to Wan Chai MTR Station. According to the information from the Rating and Valuation Department, the average yields are about 2.5% for retail property and 2.9% for Grade B private domestic property.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 May 2014 HK$
2.	Shop 8 on Ground Floor and Shop on 1st Floor, Luna Court, No.55 Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong 227/2, 150th equal and undivided shares of and in Kowloon Inland Lot No.6436 and Kowloon Inland Lot No.6437.	The property comprises a shop on Ground Floor and the whole on the 1st Floor of a 17-storey composite building completed in about 1979. The property has a total saleable area of approximately 10,062 sq.ft. The property is held under Conditions of Re-Grant No.6205 and Conditions of Re-Grant No.6514 for a term of 150 years commencing from 25 December 1888. The Government rent payable for Kowloon Inland Lot No. 6436 is $732 per annum. The Government rent payable for Kowloon Inland Lot No. 6437 is $700 per annum.	The property was occupied by the Group as restaurant and office at the Valuation Date.	240,000,000 **Interest attributable to the Group** 86% **Market value attributable to the Group as at 31 May 2014** *HK$* 206,400,000

Notes:

i) According to the Land Registers, the registered owner of the property is Champion Tree Investment Limited, vide Memorial No. UB4832282 dated 1 May 1991.

ii) The property is subject to occupation permit No.K 29/88 (OP) subject to registration vide memorial No. UB3843324 dated 14 September 1988.

iii) Pursuant to the Approved Tsim Sha Tsui Outline Zoning Plan (Plan No.: S/K1/28), the area where the property situated is zoned as "Commercial".

iv) As advised by the Company, Champion Tree Investment Limited is a company incorporated in Hong Kong with limited liability.

v) The property is located along Kimberley Road. The vicinity is mainly comprised of high-rise residential and office buildings. The property is accessible via bus and MTR and is within 8 minutes walking distance to Tsim Sha Tsui MTR Station. According to the information from the Rating and Valuation Department, the average yield for the same type of the property in Hong Kong is about 2.5%.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 May 2014 *HK$*
3.	Flat C on 3/F., Lai Yuen Apartments, No.61 Russell Street, Causeway Bay, Hong Kong 1/131st equal and undivided shares of and in Section X of Inland Lot No.29.	The property comprises a residential unit on 3rd Floor of a 14-storey composite building completed in about 1964 The property has a total saleable area of approximately 765 sq.ft. The property is held under government lease for a term of 982 years commencing from 25 June 1860. The Government rent payable for Section X of Inland Lot No.29 is $30 per annum.	The Property was vacant as at the valuation Date.	12,200,000 **Interest attributable to the Group** 89.26% **Market value attributable to the Group as at 31 May 2014** *HK$* 10,890,000

Notes:

i) According to the Land Registers, the registered owner of the property is Fook Lam Moon Restaurant Limited, vide Memorial No. UB2579542 dated 2 April 1984.

ii) The property is subject to an Order No.C/TB/003468/13/HK by the Building Authority under section 24(1) of the Buildings Ordinance Re: Common Part(s) only vide Memorial No. 13111801780169 dated 31 October 2013.

iii) Pursuant to the Draft Causeway Bay Outline Zoning Plan (Plan No.: S/H6/15), the area where the property situated is zoned as "Commercial (1)".

iv) As advised by the Company, Fook Lam Moon Restaurant Limited is a company incorporate in Hong kong with limited liability.

v) The property is located at junction between Russell Street and Perceval Street. The vicinity is mainly comprised of high-rise residential and office buildings. The property is accessible via bus, tram and MTR and is within 3 minutes walking distance to Causeway Bay MTR Station. According to the information from the Rating and Valuation Department, the average yield for the same type of the property in Hong Kong is about 2.6%.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 May 2014 *HK$*
4.	Flat N on 2nd Floor, Universal Mansion (Second Stage), No.52 Hillwood Road, Tsim Sha Tsui, Kowloon, Hong Kong 1/120th equal and undivided shares of the remaining portion of Kowloon Inland Lot No.6018.	The property comprises a residential unit on 2nd Floor of a 14-storey composite building completed in about 1964. The property has a total saleable area of approximately 570 sq.ft. The property is held under government lease for a term of 150 years commencing from 24 June 1888.	The property was occupied by the Group as store room as at the Valuation Date.	5,200,000 **Interest attributable to the Group** 86% **Market value attributable to the Group as at 31 May 2014** *HK$* 4,470,000

Notes:

i) According to the Land Registers, the registered owner of the property is Fook Lam Moon (Kowloon) Restaurant Limited, vide Memorial No. UB8119120 dated 30 May 2000.

ii) The property is subject to an Order No.D00399/K/07 by the Building Authority under S.26 of the Buildings Ordinance Re: for common areas & the exterior of the building vide Memorial No. 08012902060200 dated 19 December 2007.

iii) Pursuant to the Approved Tsim Sha Tsui Outline Zoning Plan (Plan No.: S/K1/28), the area where the property situated is zoned as "Commercial".

iv) As advised by the Company, Fook Lam Moon (Kowloon) Restaurant Limited is a company incorporated in Hong Kong with limited liability.

v) The property is located at the Hillwood Road. The vicinity is mainly comprised of high-rise residential and office buildings. The property is accessible via bus and MTR and is within 8 minutes walking distance to Tsim Sha Tsui Station. According to the statistics from the Rating and Valuation Department, the average yield for the same type of the property in Hong Kong is about 2.9%.

As at the Latest Practicable Date, the biographical details of the Director who will retire and, being eligible, will offer himself for re-election at the EGM pursuant to the Articles, are as follow:

Mr. Chu Yu Man, Philip

Qualification and Experience

Mr. Chu Yu Man, Philip aged 56, joined the Group on 30 June 2014 as an independent non-executive Director, a member of the audit committee, the nomination committee and the remuneration committee of the Company. He is a business consultant of a GEM listed company. He has over 29 years of extensive experience in the sales and development of electronic and telecommunication products. Mr. Chu previously served as the sales and marketing director for a United States of America based company which was then engaged in businesses in United States of America, Europe and the People's Republic of China. He was an executive director of China Eco-Farming Limited (stock code: 8166) for the period from September 2008 to April 2014, a company listed on the Growth Enterprise Market of the Stock Exchange.

Saved as disclosed above, Mr. Chu has not held any other directorships in the last three years in any other public company the securities of which are listed on any securities market in Hong Kong and overseas. He does not have any relationships with any other Directors, senior management, management shareholders, substantial shareholders or controlling shareholders (as define in the GEM Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr. Chu did not have, and was not deemed to have, any interests in any Shares or underlying Shares within the meaning of Part XV of the SFO.

Others

Mr. Chu has entered into an appointment letter with the Company with effect from 30 June 2014 for a term of one year and he is subject to retirement and rotation at the general meeting of the Company in accordance with the articles of association of the Company. The Company and Mr. Chu are entitled to terminate the appointment at any time by giving the other party one-month's notice in writing. The remuneration of Mr. Chu is HK$10,000 per month which is determined by the Board with reference to his qualification, duties and responsibilities with the Company, the remuneration policy of the Company and the prevailing market conditions.

In relation to Mr. Chu's re-election at the EGM, to the best knowledge of the Company, there is no information that is required to be disclosed pursuant to Rules17.50(2)(h) to (v) of the GEM Listing Rules, and save as disclosed above, there are no other matters that needs to be brought to the attention of the Shareholders and the Stock Exchange.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive of the Company's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, chief executive of the Company and their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules and the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

Long positions in the ordinary shares and underlying shares of HK$0.01 each in the capital of the Company (the "Shares")

Name of Director	Nature of interests/ holding capacity	Number of Shares	Number of underlying Shares	Total number of Shares and underlying Shares	Approximate percentage of interests in the Company's issued share capital
Mr. Yeung Wai Hung, Peter	Personal	275,000	–	275,000	0.05%

(ii) Interests of Substantial Shareholders

Save as disclosed below, the Directors and chief executive of the Company are not aware that there was any party (other than a Director or chief executive of the Company), who, as at the Latest Practicable Date had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or pursuant to section 336 of the SFO, which requires these, directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote at general meeting of any other member of the Group or had any option in respect of such capital:

Name of shareholder	Nature of interests/ holding capacity	Number of Shares/ Underlying Shares	Approximate total percentage of interests in the Company's issued share capital *(Note 1)*
Upper Run Investments Limited ("**Upper Run**")	Beneficial owner	101,909,990 Shares* *(Note 2)*	19.28%
Ms. Chan Yuen Fan Winky ("**Ms. Winky Chan**")	Interest through controlled corporation	101,909,990 Shares* *(Note 2)*	19.28%
CMS	Beneficial owner	346,625,000 underlying Shares* *(Note 3)*	65.60%
China Merchants Securities International Company Limited ("**CMS International**")	Interest through controlled corporation	346,625,000 underlying Shares* *(Note 3)*	65.60%
China Merchants Securities Company Limited	Interest through controlled corporation	346,625,000 underlying Shares* *(Note 3)*	65.60%
Tang Anthony Mong Fai	Beneficial owner	79,996,237 Shares*	15.14%
	Other	100,000,000 underlying Shares*	18.92%
Major Ally Investments Limited ("**Major Ally**")	Beneficial owner	43,000,000 Shares* *(Note 4)*	8.13%

Name of shareholder	Nature of interests/ holding capacity	Number of Shares/ Underlying Shares	Approximate total percentage of interests in the Company's issued share capital *(Note 1)*
Fook Lam Moon Holdings Limited ("**FLM Holdings**")	Interest through controlled corporation	43,000,000 Shares* *(Note 4)*	8.13%
Mr. Chui Pui Kun ("**Mr. CPK**")	Interest through controlled corporation	43,000,000 Shares* *(Note 5)*	8.13%
Mrs. Chui Chan Oi Lin Eileen ("**Mrs. Eileen Chui**")	Interest of spouse	43,000,000 Shares* *(Note 6)*	8.13%
Mr. So Chi Ming ("**Mr. SCM**")	Beneficial owner	9,012,250 Shares*	9.84%
	Interest through controlled corporation	43,000,000 Shares* *(Note 4)*	
Ms. Yeung Sau Han Agnes ("**Ms. Agnes Yeung**")	Interest of spouse	52,012,250 Shares* *(Note 7)*	9.84%
CGI (HK) Limited ("**CGI HK**")	Beneficial owner	42,860,000 Shares* *(Note 8)*	8.11%
CGI (Offshore) Limited ("**CGI Offshore**")	Interest through controlled corporation	42,860,000 Shares* *(Note 8)*	8.11%
Chinese Global Investors Group Limited ("**CGI Group**")	Interest through controlled corporation	42,860,000 Shares* *(Note 8)*	8.11%

* *Long Position*
\# *Short Position*

Notes:

1. As at the Latest Practicable Date, the Company's issued ordinary share capital was HK$5,283,600 divided into 528,360,000 Shares of HK$0.01 each.

2. These Shares were beneficially owned by Upper Run, a company incorporated in the British Virgin Islands, whose entire issued share capital is wholly and beneficially owned by Ms. Winky Chan. By virtue of the SFO, Ms. Winky Chan is deemed to be interested in the Shares held by Upper Run. Kingston had a security interest in 1,010,000,000 Shares owned by Upper Run as at 31 January 2013, which related to the same block of the Shares held by Upper Run abovementioned. Based on disclosure of interest filed by Kingston on 6 February 2013, Kingston has no interests in the Company.

3. These underlying Shares represent a maximum of 346,625,000 new Shares that may be issued pursuant to the Second Subscription Agreement relating to the proposed issue of the secured convertible bonds by the Company at an aggregate principal amount of US$37.5 million with the initial conversion price of HK$0.56 per conversion share, and in which are beneficially owned by CMS whose entire issued share capital is beneficially owned by CMS International which in turn is wholly owned by China Merchants Securities Company Limited. By virtue of the SFO, each of China Merchants Securities Company Limited and CMS International is deemed to be interested in the underlying Shares held by CMS.

4. These Shares are beneficially owned by Major Ally, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by FLM Holdings and Mr. SCM respectively, 50% each. By virtue of the SFO, FLM Holdings and Mr. SCM are deemed to be interested in the Shares held by Major Ally.

5. 50% issued share capital of Major Ally is owned by FLM Holdings which is in turn wholly owned by Mr. CPK. By virtue of the SFO, Mr. CPK is deemed to be interested in the Shares held by Major Ally as mentioned in Note 4 above.

6. Mrs. Eileen Chui is the spouse of Mr. CPK. By virtue of the SFO, Mrs. Eileen Chui is also deemed to be interested in the Shares held by Major Ally in which Mr. CPK is deemed to be interested as mentioned in Note 5 above.

7. Ms. Agnes Yeung is the spouse of Mr. SCM. By virtue of the SFO, Ms. Agnes Yeung is also deemed to be interested in (i) the 9,012,250 Shares personally held by Mr. SCM and (ii) the 43,000,000 Shares held by Major Ally in which Mr. SCM is deemed to be interested as mentioned in Note 4 above.

8. These Shares are beneficially owned by CGI HK, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by CGI Offshore which in turn is wholly owned by CGI Group. By virtue of the SFO, each of CGI Offshore and CGI Group is deemed to be interested in the Shares held by CGI HK.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

(i) none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries; and

(ii) none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting which is significant in relation to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which competes or may compete with the businesses of the Group (as would be required to be disclosed under Rule 11.04 of the GEM Listing Rules if each of them was a controlling shareholder).

7. EXPERT AND CONSENTS

The following are the qualifications of the expert who has given opinions and advices, which are contained in this circular:

Name	Qualifications
ZHONGLEI (HK) CPA Company Limited	Certified Public Accountants

ZHONGLEI (HK) CPA Company Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reports, references to its name and/or its advice in the form and context in which it appears.

Grant Sherman Appraisal Limited	Independent professional valuer

Grant Sherman Appraisal Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and property valuation report, references to its name and/or its advice in the form and context in which it appears.

8. EXPERTS' INTERESTS IN ASSETS

As at the Latest Practicable Date, each of ZHONGLEI (HK) CPA Company Limited and Grant Sherman Appraisal Limited did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. LITIGATION

Save as disclosed in the interim report of the Company for the six months ended 30 June 2014 published on 13 August 2014, the Group has no other litigations and updates as at the Latest Practicable Date.

10. MATERIAL CONTRACTS

The members of the Group have entered into the following contracts within two years immediately preceding the date of this circular and up to the Latest Practicable Date, which are contracts not being in the ordinary course of business of the Company or may be material:

(a) On 28 September 2012, Able Wind Limited, a wholly-owned subsidiary of the Company, Guo Fu Lou Nominees Limited and Guo Fu Lou Management Limited, a wholly-owned subsidiary of the Company entered into a management agreement in relation to, among other things, (i) the operation under the name and the brand of Guo Fu Lou, and use the name and the brand of Guo Fu Lou for and in relation to any and all food products and services being sold and/or provided at LG2, The Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong free from any charge, fee or levy whatsoever (the "**Branding**"); and (ii) the grant of licence, authority, permission, consent and approval by Guo Fu Lou Nominees Limited to use the trademark of Guo Fu Lou for the Branding and for other purposes under and in accordance with such agreement free from any charge, licence fee or any levy whatsoever;

(b) On 28 September 2012, Able Wind Limited ("**Able Wind**"), a wholly-owned subsidiary of the Company and Profit Direct Limited (the "**Agent**") entered into an agency agreement in relation to, among other things, the appointment of the Agent as the exclusive agent to act in the capacity and to use its best endeavours at all times to provide services in relation to, among other things, finding, identifying, referring and/or introducing to Able Wind relevant chefs, managers and other staff members of Guo Fu Lou Nominees Limited;

(c) On 22 November 2012, Profit Direct Limited and Able Wind Limited, a wholly-owned subsidiary of the Company, entered into an agency agreement in relation to the referral of the investment opportunities of acquisition of certain equity interest in FLM HK and/or FLM Kowloon and/or other corporate entities operating and managing restaurants under the "Fook Lam Moon" brand-name in Hong Kong, the PRC and Japan;

(d) The CB Subscription Agreement;

(e) The Second Framework Agreement;

(f) The Supplemental Second Framework Agreement;

(g) On 1 February 2013, the Company entered into a placing agreement with the Placing Agent (as supplemented by supplemental placing agreement dated 5 February 2013 and a second supplemental placing agreement dated 7 February 2013) pursuant to which the Placing Agent agreed to procure, on a best effort basis, the placee(s) to subscribe for the convertible bonds up to a principal amount of HK$15,480,000;

(h) On 26 March 2013, the Company entered into a placing agreement with the Placing Agent (as supplemented by supplemental placing agreement dated 8 May 2013 and a second supplemental placing agreement dated 10 May 2013) pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, the placees to subscribe for the convertible bonds up to an aggregate principal amount of HK$256,200,000;

(i) The Third Framework Agreement;

(j) On 6 June 2013, the Company and the Placing Agent entered into a placing termination and funding arranger agreement pursuant to which the placing agreements in items (i) and (j) were terminated forthwith upon the execution of such;

(k) On 6 June 2013, the Company, CMS HK and the Sculptor Funds entered into the framework agreement (as supplemented by supplemental framework agreement dated 5 July 2013) in relation to the provision of the term loan in the principal amount of US$20 million and the issue of the convertible bonds by the Company to CMS HK or any of its affiliates or nominee and the Sculptor Funds and/or their respective affiliates or nominees in the aggregate principal amount of US$25 million;

(l) On 2 July 2013, Ocean Well Enterprises Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Unicorn Wealth Holdings Limited in relation to the disposal of the 10,000 shares of Welford International Industrial Limited and the loan of HK$22,641,158.26 at the total consideration of HK$30,000,000;

(m) On 24 October 2013, the Company entered into a placing agreement with Placing Agent (as supplemented by a supplemental placing agreement dated 31 October 2013 and a second supplemental placing agreement dated 14 November 2013) pursuant to which the Placing Agent conditionally agreed to place, on a fully underwritten basis, 103,000,000 non-listed warrants issued by the Company to not less than six independent placees at the issue price of HK$0.01 per Warrant;

(n) On 4 November 2013, the Company and CMS HK entered into a second framework agreement in relation to the issue of the convertible bonds by the Company to CMS HK or any of its affiliates or nominee and potential subscribers referred by CMS HK from time to time and/or their affiliates of nominees in the principal amount of US$25 million and the grant of loan facility arranged by CMS HK and/or another financial institution invited by CMS HK in the aggregate amount of HK$225 million from CMS to the SPV;

(o) On 22 November 2013, the Company entered into a subscription agreement with CMS and the parties of the Guarantors (as defined in the Company's announcement dated 26 November 2013) in relation to the proposed issue of the secured convertible bonds by the Company at an aggregate principal amount of US$25 million with a coupon rate at 3% per annum to CMS or CMS together with any person designated by it, and to be guaranteed by the Guarantors and Coqueen. The convertible bonds will be subscribed at a price equal to 100% of the principal amount of the convertible bonds;

(p) On 27 January 2014, the Company, CMS HK and Coqueen entered into a memorandum of understanding ("**MOU**"), in which of sets out the indicative terms in relation to subscription of the Senior Convertible Bonds (as defined in the announcement of the Company dated 27 January 2014); and

(q) On 31 March 2014, the Company entered into a second subscription agreement with CMS, Mr. Tang Anthony Mong Fai and and the parties of the Guarantors in view of the proposed terms under the MOU, in consideration of the mutual promises, representations, warranties, covenants and conditions in the second subscription agreement, and to replace the subscription agreement dated on 22 November 2013, which will cease to have effect upon entry of the second subscription agreement and in relation to the proposed issue of the secured convertible bonds by the Company at an aggregate principal amount of US$37.5 million with a coupon rate at 3% per annum to Mr. Tang Anthony Mong Fai and CMS or CMS together with any person designated by it, and to be guaranteed by the Guarantors and Coqueen. The convertible bonds will be subscribed at a price equal to 100% of the principal amount of the convertible bonds.

11. AUDIT COMMITTEE

The audit committee of the Company comprises Mr. Matthew Pau (the chairman of the audit committee), Mr. Yeung Wai Hung Peter and Mr. Chu Yu Man Philip, all being independent non-executive Directors. The audit committee reviews and provides supervision over the financial reporting process and internal control of the Group.

Mr. Matthew Pau ("Mr. Pau"), age 49, graduated from the University of Oxford in United Kingdom with bachelor's and master's degrees in Engineering, Economics and Management. He is a Certified Public Accountant in Hong Kong and a Fellow Chartered Accountant in England and Wales. Mr. Pau has over 26 years of experience in finance, auditing and accounting fields. Mr. Pau is currently a Vice President of a advisory firm. He also serves as a non-executive director of New Trend Lifestyle Group Plc, a company listed on the Alternative Investment Market of the London Stock Exchange.

Mr. Yeung Wai Hung, Peter ("Mr. Yeung"), aged 56, holds a bachelor of laws degree from the University of London and a postgraduate certificate in laws from the University of Hong Kong. He is a solicitor of High Court of Hong Kong. Mr. Yeung has been a practicing solicitor for over 24 years and a partner of Messrs. Hau, Lau, Li & Yeung, Solicitors & Notaries since 1992. He is experienced in the areas of mergers and acquisitions and commercial contracts. Mr. Yeung is currently an independent non-executive director of The Hong Kong Building and Loan Agency Limited (stock code: 145), a company listed on the Main Board of the Stock Exchange. He was an independent non-executive director of Media Asia Group Holdings Limited (formerly known as ROJAM Entertainment Holdings Limited) (stock code: 8075) for the period from November 2009 to August 2011, a company listed on GEM of the Stock Exchange.

Mr. Chu Yu Man, Philip ("Mr. Chu"), aged 56, a business consultant of a GEM listed company. He has over 29 years of extensive experience in the sales and development of electronic and telecommunication products. Mr. Chu previously served as the sales and marketing director for a United States of America based company which was then engaged in businesses in United States of America, Europe and the People's Republic of China. He was an executive director of China Eco-Farming Limited (stock code: 8166) for the period from September 2008 to April 2014, a company listed on the Growth Enterprise Market of the Stock Exchange.

12. GENERAL INFORMATION

(a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The head office and principal place of business of the Company is at 4/F., Phase 1, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong.

(c) The principal share registrar and transfer office of the Company is Codan Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(d) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited at 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

(e) The company secretary of the Company is Ms. Yip Zodia Wang, who is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(f) The compliance officer of the Company is Ms. Yu Sau Lai.

(g) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the head office and principal place of business of the Company in Hong Kong at 4/F., Phase 1, Kaiser Estate, 41 Man Yue Street, Hunghom, Kowloon, Hong Kong from the date of this circular up to and including the date of EGM:

(a) the memorandum of association of the Company;

(b) the annual reports of the Group for the two years ended 30 April 2011, 30 April 2012 and eight months ended 31 December 2013 and the interim report of the Group for the six months ended 30 June 2014;

(c) the accountants' report of the SPV Group from ZHONGLEI (HK) CPA Company Limited, the text of which is set out in Appendix II to this circular;

(d) the accountants' report of the FLM Group from ZHONGLEI (HK) CPA Company Limited, the text of which is set out in Appendix III to this circular;

(e) the letter from ZHONGLEI (HK) CPA Company Limited on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(f) the property valuation report of Grant Sherman Appraisal Limited, the text of which is set out in Appendix VIII to this circular;

(g) the written consent referred to in the paragraph headed "Expert and Consent" to this Appendix;

(h) all the agreements/contracts as referred to under the section "Material Contracts" as set out in this appendix; and

(i) this circular.

CHINESE FOOD AND BEVERAGE GROUP LIMITED
華人飲食集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8272)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Chinese Food and Beverage Group Limited (the "**Company**") will be held on Thursday, 18 September 2014 at Guo Fu Lou, LG2, The Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

"**THAT**:

1. the exercise of conversion rights conferred by the convertible bonds (the "**Convertible Bonds**") issued by Professional Guide Enterprise Limited ("**SPV**") on 4 June 2013 to Rich Paragon Limited (the "**Subscriber**"), an indirect wholly-owned subsidiary of the Company, in the aggregate principal amount of HK$200 million (the "**Conversion**"); and the transactions contemplated thereunder be and hereby ratified, confirmed and approved; and any one director of the Company be and is hereby authorised to do all such acts and things and execute all such documents that are of administrative nature only and ancillary to the Conversion, which he or she considers necessary, desirable or expedient for the implementation of and giving effect to the resolution set out in herein and the transactions contemplated thereunder.

2A. subject to passing of the ordinary resolution 1, the entering into of the shareholders' agreement ("**Shareholders' Agreement**") (as defined and described in this circular of the Company dated 29 August 2014, a copy of which has been produced at this Meeting and marked "A" and initialed by the chairperson of this Meeting for the purpose of identification) (excluding those transactions as set out in the below ordinary resolution 2B) by the Subscriber, an indirect wholly-owned subsidiary of the Company, and Coqueen Company Limited ("**Coqueen**") upon Conversion and the transactions contemplated thereunder be approved and confirmed and that any one director of the Company be and is hereby authorized to do all such acts and things and execute all such documents that are administrative nature only and ancillary to the Shareholders' Agreement, which he or she considers necessary, desirable or expedient for the implementation of and giving effect to the resolution set out in herein and the transactions contemplated thereunder.

2B. subject to passing of the ordinary resolutions 1 and 2A, the following transactions as set out in Shareholders' Agreement:

(a) the grant of and possible exercise of the call option by Coqueen be approved and confirmed; and

(b) the grant of and possible exercise of the put option by Coqueen be approved and confirmed and that;

any one director of the Company be and is hereby authorised to do all such acts and things and execute all such documents that are of administrative nature only and ancillary to the Shareholders' Agreement, which he or she considers necessary, desirable or expedient for the implementation of and giving effect to the resolutions set out in herein and the transactions contemplated thereunder.

3. To re-elect Mr. Chu Yu Man, Philip as an independent non-executive director of the Company."

By order of the Board
CHINESE FOOD AND BEVERAGE GROUP LIMITED
Yu Sau Lai
Executive Director

Hong Kong, 29 August 2014

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

Head Office and Principal Place of Business in Hong Kong:
4/F., Phase 1,
Kaiser Estate,
41 Man Yue Street,
Hunghom, Kowloon,
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the extraordinary general meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares in the capital of the Company may appoint more than one proxy to represent him/her and vote on his/her behalf at the extraordinary general meeting. A proxy need not be a member of the Company.

2. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Union Registrars Limited, 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof (as the case may be).

3. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the extraordinary general meeting or any adjournment thereof (as the case may be) should they so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

4. Where there are joint holders of any share of the Company, any one of such persons may vote at the extraordinary general meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the extraordinary general meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

5. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 8:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the Company's website (http://www.cfbgroup.com.hk) and on the GEM website (www.hkgem.com) to notify Shareholders of the date, time and place of the rescheduled meeting.

As at the date of this notice, Ms. Yu Sau Lai, Mr. Lam Raymond Shiu Cheung, Mr. Hu Dongguang and Mr. Mok Tsan San are executive Directors; Mr. So David Tat Man is a non-executive Director; and Mr. Matthew Pau, Mr. Yeung Wai Hung, Peter and Mr. Chu Yu Man, Philip (Mr. Leung Ho Lun Harold as his alternate) are independent non-executive Directors.