[Date]

The Directors
Li Bao Ge Group Limited
Ample Capital Limited

Dear Sirs,

We report on the financial information (the "Financial Information") of Li Bao Ge Group Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the combined statements of financial position as at 31 December 2013, 2014 and 2015, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 December 2013, 2014 and 2015 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This Financial Information has been prepared by the directors of the Company and is set out in Sections I to IV below for inclusion in Appendix I to the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 1 September 2015 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed "Reorganisation" below, which was completed on [●], the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

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

No audited financial statements have been prepared by the Company as it is newly incorporated and has not been involved in any significant business transactions since its date of incorporation, other than the Reorganisation.

The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their places of incorporation. The details of the statutory auditors of these companies are set out in Note 1.2 of Section II below.

For the purpose of this report, the directors of Zhen Tong Holdings Limited have prepared its consolidated financial statements for the Relevant Periods and the directors (the "Directors") of the Company have prepared the management accounts of the Company for the period from the date of incorporation to 31 December 2015 in accordance with accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (collectively referred to as the "Underlying Financial Statements"). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with HKFRSs. We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We have also examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared based on the Underlying Financial Statements after making such adjustments as we consider appropriate and on the basis set out in note 1.3 of Section II below, for the purpose of preparing our report for inclusion in the Document. The Underlying Financial Statements are the responsibility of the directors of the relevant companies who approved their issue. The directors of the Company are responsible for the contents of the Document in which this report is included. It is our responsibility 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 gives, for the purpose of this report and presented on the basis set out in Note 1.3 of Section II below, a true and fair view of the combined financial position of the Group as at 31 December 2013, 2014 and 2015 and of the Group's combined financial performance and cash flows for the Relevant Periods then ended.

I FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 December 2013 and 2014 and 2015 and for each of the years ended 31 December 2013, 2014 and 2015 (the "Financial Information"), presented on the basis set out in Note 1.3 of Section II below:

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2013 HK$'000	2014 HK$'000	2015 HK$'000
Revenue	6	174,623	245,905	256,881
Other income	6	1,258	1,357	1,162
Other gains and losses	7	385	(409)	(3,139)
Cost of materials consumed		(51,513)	(73,406)	(71,261)
Employee benefits expense	8	(41,546)	(51,332)	(54,265)
Depreciation		(8,622)	(12,226)	(11,221)
Other expenses	9	(70,683)	(86,487)	(98,136)
Operating profit		3,902	23,402	20,021
[**REDACTED**] expenses		–	–	(8,419)
Finance costs	10	(996)	(921)	(862)
Profit before income tax		2,906	22,481	10,740
Income tax expense	11	(342)	(4,581)	(4,119)
Profit for the year		2,564	17,900	6,621
Other comprehensive income/(expense)				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference arising from translation of financial statements of foreign operations		337	(250)	(349)
Total comprehensive income for the year		2,901	17,650	6,272
Profit/(loss) attributable to:				
Owners of the Company		4,202	16,432	3,652
Non-controlling interests		(1,638)	1,468	2,969
		2,564	17,900	6,621
Total comprehensive income/(expense) attributable to:				
Owners of the Company		4,391	16,292	3,322
Non-controlling interests		(1,490)	1,358	2,950
		2,901	17,650	6,272
Earnings per share	12	N/A	N/A	N/A
Dividends	13	2,400	2,400	25,290

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2013**	**2014**	**2015**
		HK$'000	*HK$'000*	*HK$'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*14*	46,454	37,926	41,733
Investment properties	*15*	22,607	21,060	–
Rental deposits	*20*	10,392	9,823	15,649
Deposits placed for life insurance policies	*16*	4,552	4,835	5,139
Deferred income tax assets	*28*	4,277	5,190	4,888
		88,282	78,834	67,409
Current assets				
Inventories	*18*	5,419	5,628	6,611
Trade receivables	*19*	1,917	2,825	3,280
Deposits, prepayments and other receivables	*20*	4,372	6,932	8,390
Amounts due from related companies	*34*	7,961	13,589	310
Amount due from a director	*34*	–	392	–
Amount due from a then shareholder of subsidiaries	*34*	4	4	–
Amounts due from the directors of subsidiaries	*34*	11	60	–
Financial assets at fair value through profit or loss	*21*	1,571	1,246	–
Current income tax recoverable		477	21	913
Cash and cash equivalents	*22*	14,053	23,908	28,060
		35,785	54,605	47,564
Total assets		124,067	133,439	114,973
EQUITY				
Equity attributable to owners of the Company				
Share capital	*29*	–	–	–
Capital reserve		47	47	78
Other reserves		–	–	34,618
Exchange translation reserve		189	49	(281)
Retained profits		5,993	20,745	4,059
		6,229	20,841	38,474
Non-controlling interests		(2,477)	(1,839)	–
Total equity		3,752	19,002	38,474

	Notes	As at 31 December 2013 HK$'000	2014 HK$'000	2015 HK$'000
LIABILITIES				
Non-current liabilities				
Deposits received	24	332	221	242
Obligations under finance leases	26	203	114	689
Provision for reinstatement costs	27	2,952	2,290	3,049
Deferred income tax liabilities	28	–	–	48
		3,487	2,625	4,028
Current liabilities				
Trade payables	23	7,358	8,619	9,016
Accruals, provisions and deposits received	24	24,666	24,083	30,078
Amounts due to directors	34	40,197	29,783	4,520
Amounts due to related companies	34	1,656	2,903	3,539
Amounts due to the then shareholders of subsidiaries	34	1,495	1,454	–
Amounts due to the directors of subsidiaries	34	751	854	–
Amounts due to non-controlling shareholders	34	8,500	9,220	–
Bank borrowings	25	28,691	29,606	24,305
Obligations under finance leases	26	272	50	224
Provision for reinstatement costs	27	–	645	93
Current income tax payable		1,142	2,595	696
Dividend payable to the then shareholders of a subsidiary		2,100	2,000	–
		116,828	111,812	72,471
Total liabilities		120,315	114,437	76,499
Total equity and liabilities		124,067	133,439	114,973
Net current liabilities		(81,043)	(57,207)	(24,907)
Total assets less current liabilities		7,239	21,627	42,502

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Capital reserve *(Note 1)*	Other reserves *(Note 2)*	Exchange translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2013								
Balance as at 1 January 2013	–	47	–	–	3,471	3,518	(267)	3,251
Comprehensive income								
Profit/(loss) for the year	–	–	–	–	4,202	4,202	(1,638)	2,564
Currency translation differences	–	–	–	189	–	189	148	337
Total comprehensive income/(expense) for the year	–	–	–	189	4,202	4,391	(1,490)	2,901
Dividend recognised as distribution *(Note 13)*	–	–	–	–	(1,680)	(1,680)	(720)	(2,400)
Balance as at 31 December 2013	–	47	–	189	5,993	6,229	(2,477)	3,752
For the year ended 31 December 2014								
Balance as at 1 January 2014	–	47	–	189	5,993	6,229	(2,477)	3,752
Comprehensive income								
Profit for the year	–	–	–	–	16,432	16,432	1,468	17,900
Currency translation differences	–	–	–	(140)	–	(140)	(110)	(250)
Total comprehensive income/(expense) for the year	–	–	–	(140)	16,432	16,292	1,358	17,650
Dividend recognised as distribution *(Note 13)*	–	–	–	–	(1,680)	(1,680)	(720)	(2,400)
Balance as at 31 December 2014	–	47	–	49	20,745	20,841	(1,839)	19,002
For the year ended 31 December 2015								
Balance as at 1 January 2015	–	47	–	49	20,745	20,841	(1,839)	19,002
Comprehensive income								
Profit for the year	–	–	–	–	3,652	3,652	2,969	6,621
Currency translation differences	–	–	–	(330)	–	(330)	(19)	(349)
Total comprehensive income/(expense) for the year	–	–	–	(330)	3,652	3,322	2,950	6,272
Arising from reorganisation	–	18	(18)	–	–	–	–	–
Arising from disposal of subsidiaries *(Note 36)*	–	–	29,350	–	–	29,350	1,556	30,906
Waiver of amount due to a non-controlling shareholder *(Note 30)*	–	–	6,720	–	–	6,720	–	6,720
Waiver of amount due to a related party connected with a then shareholder of subsidiaries *(Note 30)*	–	–	864	–	–	864	–	864
Dividend recognised as distribution *(Note 13)*	–	–	–	–	(20,338)	(20,338)	(4,952)	(25,290)
Acquisition of additional equity interests in subsidiaries	–	13	(2,298)	–	–	(2,285)	2,285	–
Balance as at 31 December 2015	–	78	34,618	(281)	4,059	38,474	–	38,474

Note 1: The capital reserve of approximately HK$47,000 as at 31 December 2013 and 2014 represents the combined share capital of the Company's subsidiaries now comprising the Group after eliminating intra-group investments and deducting those attributable to non-controlling interests. The capital reserve of approximately HK$78,000 as at 31 December 2015 represents the share capital of Zhen Tong Holdings Limited.

Note 2: The amounts of other reserves mainly include:

(a) an amount of approximately HK$18,000 representing the difference between the nominal value of the shares issued by Zhen Tong Holdings Limited and the combined share capital of Solarday Investment Limited, Orient Century Limited, Great Virtue Investment Limited and Smart Best (Asia) Limited acquired by four directly owned subsidiaries of Zhen Tong Holdings Limited with the issuance of the Zhen Tong Holdings Limited's shares upon the Reorganisation;

(b) an amount of approximately HK$29,350,000 representing the difference between the consideration received on disposal of the entire equity interests in Long Run Investment Limited and Richfield Develop Limited to a company connected with the Ultimate Controlling Shareholders, as defined below, and the carrying amounts of the net liabilities of Long Run Investment Limited and Richfield Develop Limited;

(c) the waiver of amounts due to a non-controlling shareholder of approximately HK$6,720,000 and a related party connected with a then shareholder of subsidiaries of approximately HK$864,000; and

(d) an amount of approximately HK$2,298,000 representing the difference between the amount of the non-controlling interests are adjusted and the nominal value of consideration shares issued by Zhen Tong Holdings Limited for the acquisition of additional interests in subsidiaries.

COMBINED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2013	2014	2015
		HK$'000	*HK$'000*	*HK$'000*
Cash flows from operating activities				
Profit before income tax		2,906	22,481	10,740
Adjustments for:				
– Depreciation of property, plant and equipment	*14*	7,045	10,679	10,060
– Depreciation of investment properties	*15*	1,577	1,547	1,161
– Finance costs	*10*	996	921	862
– Interest income	*6*	(186)	(193)	(223)
– Unrealised exchange loss		–	459	1,076
– Fair value gain on financial assets at fair value through profit or loss	*7*	(270)	(86)	–
– Premiums charged on life insurance policies		104	99	97
– Loss/(Gain) on disposal of financial assets at fair value through profit or loss	*7*	108	(34)	2,495
– Underprovision for reinstatement costs	*9*	–	–	252
– Loss on disposal of property, plant and equipment	*7*	–	–	29
Operating cash flows before changes in working capital		12,280	35,873	26,549
Changes in working capital:				
– Inventories		(1,796)	(246)	(1,103)
– Trade receivables		(1,044)	(924)	(533)
– Deposits, prepayments and other receivables		(2,003)	(2,065)	(7,720)
– Trade payables		1,538	1,290	570
– Accruals, provisions and deposits received		10,920	(503)	6,759
Cash generated from operations		19,895	33,425	24,522
Profits tax paid, net		(3,053)	(3,635)	(6,700)
Net cash generated from operating activities		16,842	29,790	17,822
Cash flows from investing activities				
Interest received		4	14	25
Purchases of property, plant and equipment		(37,946)	(2,810)	(19,896)
Proceeds from disposal of financial assets at fair value through profit or loss		7,615	531	15,712
Proceeds from disposal of property, plant and equipment		–	–	399
Purchases of financial assets at fair value through profit or loss		(9,024)	(86)	(16,961)
Deposits paid for life insurance policies		(1,203)	(203)	(203)
Repayments from/(Advances to) related companies		982	(5,628)	(149)
Repayment from/(Advance to) a director		63	(392)	392
(Advances to)/Repayments from the directors of subsidiaries		(11)	(49)	60
Repayment from a then shareholder of subsidiaries		–	–	4
Disposal of subsidiaries	*36*	–	–	(232)
Reinstatement costs paid for premises	*27*	–	–	(804)
Net cash used in investing activities		(39,520)	(8,623)	(21,653)

	Notes	2013	2014	2015
		Year ended 31 December		
		HK$'000	*HK$'000*	*HK$'000*
Cash flows from financing activities				
Interest paid		(996)	(921)	(862)
Dividends paid		(2,400)	(2,500)	(2,200)
Net proceeds from bank borrowings		16,960	7,892	15,000
Net proceeds from inception of a finance lease		20	–	–
Repayments of bank borrowings		(6,601)	(6,977)	(7,266)
Repayments of finance lease obligations		(257)	(311)	(77)
Advances from/(Repayments to) directors		13,958	(10,415)	1,632
(Repayments to)/Advances from related companies		(29)	1,247	465
Advances from the directors of subsidiaries		539	103	10
Advances from non-controlling shareholders		6,002	720	–
Advances from/(Repayments to) the then shareholders of subsidiaries		31	(41)	1,520
Net cash generated from/(used in) financing activities		27,227	(11,203)	8,222
Net increase in cash and cash equivalents		4,549	9,964	4,391
Cash and cash equivalents at beginning of the year		9,167	14,053	23,908
Effect of foreign exchange rate changes		337	(109)	(239)
Cash and cash equivalents at end of the year	*22*	14,053	23,908	28,060

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Li Bao Ge Group Limited (the "Company") was incorporated in the Cayman Islands on 1 September 2015 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the Company's registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively, the "Group") are principally engaged in the operation of a chain of Chinese restaurants in Hong Kong and the People's Republic of China ("PRC") (the "Listing Business").

1.2 Reorganisation

Prior to the Reorganisation, Mr. Chan Chun Kit ("Mr. Chan") and his spouse, Ms. Liu Siu Kuen ("Mrs. Chan") were the owners of Bright Creator Limited ("Bright Creator"), Mr. Ho Wood Yam ("Mr. Ho") and Mr. Tsui King Foo ("Mr. Tsui") were the major owners of Sun Foo Sing Development Limited ("Sun Foo Sing"); and Mr. Chow Chor Ting, Anthony ("Mr. Chow CT") and his nephew, Mr. Chow Yiu Pong, David ("Mr. Chow YP") were the major owners of Sky Gain Investments Limited ("Sky Gain"). All operating entities of the Listing Business were majority owned by Bright Creator, Mr. Wong Ka Wai ("Mr. Wong"), Sun Foo Sing and Sky Gain. The directors consider Mr. Chan, Mrs. Chan, Mr. Wong, Mr. Ho, Mr. Tsui, Mr. Chow CT and Mr. Chow YP to be the ultimate controlling shareholders of the Group ("Ultimate Controlling Shareholders").

In preparation for the [**REDACTED**] of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the Company and other companies now comprising the Group have undergone a reorganisation (the "Reorganisation") pursuant to which the Company has become holding company of the other companies now comprising the Group. The major steps which have been undertaken to effect the Reorganisation were detailed in the section headed "History, Reorganisation and Development" to the Document.

At the end of each reporting period and as at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

				Effective interest held					
Company name	**Country/ place of incorporation**	**Date of incorporation**	**Nominal value of issued and fully paid share capital**	**As at 31 December 2013**	**As at 31 December 2014**	**As at 31 December 2015**	**As at the date of this report**	**Principal activities**	*Note*
Direct held subsidiary									
Zhen Tong Holdings Limited ("Zhen Tong")	British Virgin Islands ("BVI")	17 July 2015	10,000 ordinary shares of United States dollar ("USD") 1 each	N/A	N/A	N/A	[100%]	Investment holding	*(a)*
Indirectly held subsidiaries									
Auspicious Elite Limited	BVI	7 July 2015	1 ordinary share of USD1 each	N/A	N/A	100%	[100%]	Investment holding	*(a)*
Ding Xing Investments Limited	BVI	17 July 2015	1 ordinary share of USD1 each	N/A	N/A	100%	[100%]	Investment holding	*(a)*

Company name	Country/ place of incorporation	Date of incorporation	Nominal value of issued and fully paid share capital	Effective interest held As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at the date of this report	Principal activities	*Note*
First Bloom Ventures Limited	BVI	17 July 2015	1 ordinary share of USD1 each	N/A	N/A	100%	[100%]	Investment holding	*(a)*
Guang Jie Group Limited	BVI	8 July 2015	1 ordinary share of USD1 each	N/A	N/A	100%	[100%]	Investment holding	*(a)*
Keen Nation Limited	BVI	1 July 2015	1 ordinary share of USD1 each	N/A	N/A	100%	[100%]	Investment holding	*(a)*
Moon Fortune International Limited	BVI	17 July 2015	1 ordinary share of USD1 each	N/A	N/A	100%	[100%]	Investment holding	*(a)*
Power Moon International Limited	BVI	17 July 2015	1 ordinary share of USD1 each	N/A	N/A	100%	[100%]	Investment holding	*(a)*
Solarday Investment Limited ("Solarday")	Hong Kong	5 December 1997	Hong Kong dollar ("HK$") 20,000	100%	100%	100%	[100%]	Restaurant operation	*(b)*
Orient Century Limited ("Orient Century")	Hong Kong	19 May 2000	HK$20,000	100%	100%	100%	[100%]	Restaurant operation	*(d)*
Great Virtue Investment Limited (" Great Virtue")	Hong Kong	10 October 2009	HK$10,000	70%	70%	100%	[100%]	Investment holding and restaurant operation *(note iv)*	*(c)*
Great Virtue (HK) Investment Limited	Hong Kong	29 July 2010	HK$10,000	70%	70%	100%	[100%]	Restaurant operation	*(c)*
Star of Canton Restaurant (China) Limited ("Star China")	Hong Kong	4 November 2010	HK$10,000	56%	56%	100%	[100%]	Investment holding	*(e)*
利寶閣(深圳)餐飲有限公司 *(note i)*	PRC	14 August 2013	Renminbi ("RMB") 8,663,000	56%	56%	100%	[100%]	Restaurant operation	*(f)*
奧聯(深圳)餐飲管理有限公司 *(note i)*	PRC	18 March 2013	RMB6,340,000	56%	56%	100%	[100%]	Providing consulting services for management of restaurant business in Mainland China	*(f)*
Long Run Investment Limited	Hong Kong	20 July 2012	HK$1	70%	70%	N/A	[N/A]	Property investment	*(c)*
Richfield Develop Limited	Hong Kong	8 October 2011	HK$10,000	70%	70%	N/A	[N/A]	Property investment	*(c)*
Excel Linker (Hong Kong) Limited	Hong Kong	23 January 2015	HK$1	N/A	N/A	100%	[100%]	Restaurant Operation *(note ii)*	*(a)*
Smart Best (Asia) Limited	Hong Kong	5 December 2014	HK$100	N/A	100%	100%	[100%]	Ordering of food ingredients for the Group *(note iii)*	*(a)*

Notes:

(i) *These entities are wholly owned foreign enterprises.*

(ii) *This company is engaged in the operation and management of the Sheung Wan Restaurant and the Beijing House Restaurant, which commenced business on 30 October 2015.*

(iii) *This company commenced the business of ordering of food ingredients for the Group on 1 August 2015.*

(iv) *This company has ceased its restaurant operation on 17 November 2015.*

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

(b) The statutory financial statements of these companies for the year ended 30 June 2013 and for the period from 1 July 2013 to 31 December 2014 were prepared in accordance with Small and Medium-sized Entity-Financial Reporting Standard ("SME-FRS") and audited by Ting Ho Kwan & Chan, Certified Public Accountants in Hong Kong ("THKC").*

(c) The statutory financial statements of these companies for the years ended 31 December 2013 and 2014 were prepared in accordance with the Hong Kong Financial Reporting Standards for Private Entities ("HKFRS for Private Entities") and audited by THKC.*

(d) The statutory financial statements of this company for the years ended 31 December 2013 and 2014 were prepared in accordance with SME-FRS and audited by THKC.*

(e) No audited financial statements have been prepared since its date of incorporation.*

(f) The statutory financial statements of these companies for the period from date of incorporation to 31 December 2013 and for the years ended 31 December 2014 and 2015 were prepared in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC (the "PRC GAAP") and audited by Shenzhen Yida Certified Public Accountants Co., Ltd, Certified Public Accountants in the PRC.

(g) Both Ting Ho Kwan & Chan CPA Limited, the reporting accountants and THKC share the same resources including the office and staff and also adopt the same system of quality control and methodology.

* The statutory audited financial statements for the year ended 31 December 2015 or for the period from the date of incorporation to 31 December 2015 of the above companies have not been issued as they have not been due to be issued at the date of this report.

1.3 Basis of presentation

For the purpose of this report, the combined financial statements of the Group have been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The combined statements of comprehensive income, combined statements of changes in equity and combined cash flow statements of the Group for each of the years ended 31 December 2013, 2014 and 2015 have been prepared using the financial information of the companies engaged in the Listing Business, under common control of the Ultimate Controlling Shareholders and now comprising the Group as if the current group structure had been in existence throughout each of the years ended 31 December 2013, 2014 and 2015, or since the respective dates of incorporation of the combining companies, or since the date when the combining companies first came under the control of the Ultimate Controlling Shareholders, whichever is a shorter period. The combined statements of financial position of the Group as at 31 December 2013, 2014 and 2015 have been prepared to present the assets and liabilities of the companies now comprising the Group at these dates, as if the current group structure had been in existence as at these dates. The net assets and results of the Group were combined using the existing book values from the Ultimate Controlling Shareholders' perspective.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied during each of the years ended 31 December 2013, 2014 and 2015 (the "Relevant Periods"), unless otherwise stated.

2.1 Basis of preparation

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and Part 9 "Account and Audit" of the Hong Kong Companies ordinance (Cap. 622). The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap 622), the Financial Information is prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap 32) for the years ended 31 December 2013 and 2014.

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

As at 31 December 2015, the Group's current liabilities exceeded its current assets by approximately HK$24,907,000. The current liabilities mainly consisted of deposits received from customers of approximately HK$3,812,000, which are to be recognised as revenue upon rendering of the relevant banquet services in the next financial year; as well as an amount of approximately HK$14,072,000 representing a portion of the total bank borrowings being classified as current due to the existence of the repayment on demand clause (Note 25) in the loan agreements, which were used for financing the purchases of non-current assets. Based on the Group's history of its operating performance and its expected future working capital together with the availability of undrawn banking facilities, the directors believe that there are sufficient financial resources available to the Group to meet its liabilities as and when they fall due. Accordingly, the directors consider that it is appropriate to prepare the Financial Information on a going concern basis.

Standards, amendments and interpretations that are effective during the Relevant Periods have been adopted and applied by the Group consistently throughout the Relevant Periods.

New and revised HKFRSs in issue but not yet effective

The following new or revised standards and amendments to standards are relevant to the Group's operation which are effective for annual periods beginning on or after 1 January 2016 and have not been early adopted:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory deferral accounts[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exceptions[3]
Amendments to HKFRSs	Annual Improvements HKFRSs 2012-2014 Cycle[3]
[HKFRS 16]	[Leases[4]]
[HKAS 12 (Amendment)]	[Recognition of deferred tax assets for unrealised losses[2]]

1. Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2. Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

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

4. [The effective date of this amendment was postponed indefinitely.]

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes 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. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 that are more relevant to the Group 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group has already commenced an assessment of the impact of HKFRS 9 but is not yet in a position to conclude whether it would have a significant impact on its results of operations and financial position.

HKFRS 15 "Revenue from Contracts with Customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Group has already commenced an assessment of the impact of HKFRS 15 but is not yet in a position to conclude whether it would have a significant impact on the Group's result of operations and financial position.

The directors of Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the combined financial statements of the Group.

2.2 Subsidiaries

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

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

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

(a) (i) Business combinations under common control

Business combinations under common control refers to combinations where the combining entities are controlled by the same party or parties before and after the combination and that control is not transitory.

The acquirer measures both the consideration paid and net assets obtained at their carrying amounts. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid is recorded in other reserves. Any direct transaction cost attributable to the business combination is recorded in the combined statement of comprehensive income in the current period. However, the handling fees, commissions and other expenses incurred for the issuance of equity instruments or bonds for the business combination are recorded in the initial measurement of the equity instruments and bonds respectively.

(ii) Business combinations under non-common control

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

(c) Disposal of subsidiaries

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

2.3 Non-controlling interests

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

2.4 Segment reporting

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

2.5 Foreign currency transactions

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment other than crockery, utensils and linen is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the combined statements of comprehensive income during the financial period in which they are incurred.

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

Leasehold land classified as finance lease	Over the unexpired term of the lease periods, with a remaining term of 35 to 36 years
Buildings	50 years
Leasehold improvements	Shorter of 5 years and the unexpired lease term
Furniture, fixtures and equipment	3 years
Motor vehicles	5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Initial expenditure incurred for crockery, utensils and linens is capitalised and no depreciation is provided thereon. The cost of subsequent replacement for these items is recognised in profit or loss when incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 14).

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

2.7 Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is realisable upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is realisable.

2.8 Impairment of non-financial assets

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

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

2.9 Financial assets

(a) Classification

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

Financial assets at fair value through profit or loss are investments in securities held for trading included in current assets and are stated in the combined statements of financial position at fair value. A financial asset is classified in this category, if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than twelve months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise "rental deposits", "deposits placed for life insurance polices", "trade receivables", "amounts due from related companies", "amount due from a director", "amount due from a then shareholder of subsidiaries", "amounts due from the directors of subsidiaries", "deposits and other receivables" and "cash and cash equivalents" in the combined statements of financial position (see Notes 2.12 and 2.13).

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the combined statements of comprehensive income. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.10 Offsetting financial instruments

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

2.11 Impairment of financial assets carried at amortised cost

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

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

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

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

2.12 Trade and other receivables

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

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

2.13 Cash and cash equivalents

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

2.14 Trade and other payables

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

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

2.15 Borrowings

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

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

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

2.16 Borrowing costs

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

2.17 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

(c) Offsetting

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

2.18 Employee benefits

(a) Pension obligation

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

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

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

The full-time employees of the Group in the PRC are covered by various government-sponsored basic pension insurance under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expenses as incurred and contributions paid to the defined-contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leaves the Group.

The Group's contributions are charged to combined statements of comprehensive income in the period they incurred.

(b) Housing funds, medical insurances and other social insurances

The PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period, and recognised as employee benefit expense when they are due.

(c) Employee leave entitlements

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

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

(d) Termination benefits

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

(e) Bonus plans

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

(f) Long service payments

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

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

2.19 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.20 Provisions

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

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

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

2.21 Provision for reinstatement costs

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

2.22 Revenue recognition

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

(a) Revenue from Chinese restaurant operations

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

(b) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(c) Interest income

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

(d) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established prior to the date of the reporting period.

2.23 Leases

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

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

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

2.24 Dividend distribution

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

2.25 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third party and the other entity is an associate of third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the Group entities's functional currency. Most of the income and expenditures of the Group are denominated in HK$ and RMB, which are the functional currencies of the respective group entities. Even HK$ is not pegged to RMB, the historical exchange rate fluctuation on RMB is insignificant. Thus there is no significant exposure expected on RMB transactions and balances. Hence, the Group does not have any material foreign exchange exposure. The Group has not implemented or entered into any type of instruments or arrangements to hedge against currency exchange fluctuations for the years under review. As at 31 December 2013, 2014 and 2015, the Group did not have any outstanding hedging instruments.

(ii) Cash flow and fair value interest rate risk

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

The Group's interest rate risk arises from bank deposits and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank deposits held at variable rates. The interest rate profile of borrowings is disclosed in Note 25. The bank deposits generate interest at the prevailing market interest rates.

The Group is exposed to cash flow interest rate risk in relation to bank balances and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and the Best Lending Rate arising from the bank borrowings.

In the opinion of directors, they do not anticipate any significant possible changes in interest rates for the relevant financial instruments in existence in the relevant period over the period until the annual reporting period. Accordingly, no sensitivity analysis for the Group's exposure to cash flows interest rate risk arising from such relevant financial instruments is prepared.

(b) Credit risk

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

To mitigate the risk arising from banks, the Group places their deposits to certain reputable banks with a minimum rating of "investment grade" ranked by an independent party. See Note 22 for further disclosure on credit risk.

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

Amounts due from related companies and related parties are continuously monitored by assessing the credit quality of the respective counterparties, taking into account its financial position, past experience and other factors. Where necessary, impairment loss is made for estimated irrecoverable amounts. As at 31 December 2013, 2014 and 2015, no impairment is considered necessary for the amounts due from related companies and related parties.

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

(c) Liquidity risk

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

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

	Less than 1 year *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*
At 31 December 2013			
Trade payables	7,358	–	–
Accruals and deposits received	16,611	–	–
Amounts due to directors	40,197	–	–
Amounts due to related companies	1,656	–	–
Amounts due to the then shareholders of subsidiaries	1,495	–	–
Amounts due to the directors of subsidiaries	751	–	–
Amounts due to non-controlling shareholders	8,500	–	–
Bank borrowings	33,360	–	–
Obligations under finance leases	329	58	120
Dividend payable to the then shareholders of a subsidiary	2,100	–	–

	Less than 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*
At 31 December 2014			
Trade payables	8,619	–	–
Accruals and deposits received	14,545	–	–
Amounts due to directors	29,783	–	–
Amounts due to related companies	2,903	–	–
Amounts due to the then shareholders of subsidiaries	1,454	–	–
Amounts due to the directors of subsidiaries	854	–	–
Amounts due to non-controlling shareholders	9,220	–	–
Bank borrowings	33,297	–	–
Obligations under finance leases	58	58	62
Dividend payable to the then shareholders of a subsidiary	2,000	–	–
At 31 December 2015			
Trade payables	9,016	–	–
Accruals and deposits received	19,309	–	–
Amounts due to directors	4,520	–	–
Amounts due to related companies	3,539	–	–
Bank borrowings	25,909	–	–
Obligations under finance leases	260	260	478

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

	Maturity Analysis – term loans subject to a repayment on demand clause based on scheduled repayments			
	Within 1 year *HK$'000*	Over 1 year but less than 2 years *HK$'000*	Over 2 year but less than 5 years *HK$'000*	Over 5 years *HK$'000*
At 31 December 2013	7,865	4,701	9,643	11,151
At 31 December 2014	12,682	3,978	6,788	9,849
At 31 December 2015	10,925	5,837	9,147	–

3.2 Capital risk management

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

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

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

The Group's strategy, which was unchanged during the Relevant Periods, was to lower the gearing ratio to an acceptable level. The gearing ratios at 31 December 2013, 2014 and 2015 were as follows:

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Total borrowings			
– Bank borrowings *(Note 25)*	28,691	29,606	24,305
– Obligations under finance leases *(Note 26)*	475	164	913
Less: cash and cash equivalents *(Note 22)*	14,053	23,908	28,060
Net debt/(equity)	15,113	5,862	(2,842)
Total equity	3,752	19,002	38,474
Total capital	18,865	24,864	35,632
Gearing ratio	80.11%	23.58%	N/A

3.3 Fair value estimation

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	1,571	–	–	1,571

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	1,246	–	–	1,246

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	–	–	–	–

The fair values of financial instruments traded in active markets are based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no significant transfer of assets between level 1, level 2 and level 3 fair value hierarchy classifications during the year.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values as at 31 December 2013, 2014 and 2015.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Useful lives of property, plant and equipment

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

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

(b) Impairment of non-financial assets

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

Management judgement is required in the area of asset impairment particularly in assessing:

(i) whether an event has occurred that may indicate that the related asset values may not be recoverable;

(ii) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and

(iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of its operations.

(c) Income tax

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

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

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

(d) Provision for reinstatement costs

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

5 SEGMENT INFORMATION

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

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

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

For the years ended 31 December 2013, and 2014 and 2015, there are no single external customers contributed more than 10% revenue of the Group.

Geographical information

The following tables present revenue from external customers for the years ended 31 December 2013, 2014 and 2015 and certain non-current assets information as at 31 December 2013, 2014 and 2015, by geographic area.

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers			
Hong Kong	168,587	185,407	183,083
Mainland China	6,036	60,498	73,798
	174,623	245,905	256,881

The revenue information above is based on the locations of the customers.

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Hong Kong	39,614	35,343	25,081
Mainland China	29,447	23,643	16,652
	69,061	58,986	41,733

The non-current assets information above is based on the locations of the assets and excludes financial assets and deferred tax assets.

6 REVENUE AND OTHER INCOME

Revenue from the operation of Chinese restaurants and other income during the years ended 31 December 2013, 2014 and 2015 are as follows:

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
Revenue from Chinese restaurant operations	174,623	245,905	256,881
Other income			
Rental income from investment properties	889	978	806
Interest income on short-term bank deposits	4	14	25
Dividend income	–	12	2
Interest income from deposits placed for life insurance policies	182	179	198
Forfeiture of deposits received	12	82	1
Miscellaneous income	171	92	130
	1,258	1,357	1,162
Total revenue and other income	175,881	247,262	258,043

7 OTHER GAINS AND LOSSES

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
(Loss)/Gain on disposal of financial assets at fair value through profit or loss	(108)	34	(2,495)
Fair value gain on financial assets at fair value through profit or loss	270	86	–
Loss on disposal of property, plant and equipment	–	–	(29)
Exchange gain/(loss), net	223	(529)	(615)
	385	(409)	(3,139)

8 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Wages, salaries and bonuses	39,428	47,483	50,184
Pension costs – defined contribution plans	1,428	1,533	1,672
Basic pension insurance, housing fund, medical insurance and other social insurance	642	2,117	2,538
(Previous years' unutilised paid annual leave utilised)/Unutilised paid annual leave	48	199	(129)
	41,546	51,332	54,265

(a) Pension costs – defined contribution plans

Contributions totaling approximately HK$157,000 and HK$158,000 and HK$230,000 were payable to the MPF fund as at 31 December 2013, 2014 and 2015, respectively.

(b) Directors' and CEO's emoluments

The remuneration of every director and the CEO for the year ended 31 December 2013 is set out below:

	Fees *HK$'000*	**Basic salaries, allowances and benefits** *HK$'000*	**Discretionary bonuses** *HK$'000*	**Employer's contributions to pension scheme** *HK$'000*	**Total** *HK$'000*
Chairman and CEO					
CHAN Chun Kit *(Note (i))*	68	490	62	15	635

The remuneration of every director and the CEO for the year ended 31 December 2014 is set out below:

	Fees *HK$'000*	**Basic salaries, allowances and benefits** *HK$'000*	**Discretionary bonuses** *HK$'000*	**Employer's contributions to pension scheme** *HK$'000*	**Total** *HK$'000*
Chairman and CEO					
CHAN Chun Kit *(Note (i))*	–	490	24	17	531

The remuneration of every director and the CEO for the year ended 31 December 2015 is set out below:

	Fees *HK$'000*	**Basic salaries, allowances and benefits** *HK$'000*	**Discretionary bonuses** *HK$'000*	**Employer's contributions to pension scheme** *HK$'000*	**Total** *HK$'000*
Chairman and CEO					
CHAN Chun Kit *(Note (i))*	–	585	16	21	622

Note (i): The director is also the CEO, hence no separate disclosure in respect of the remuneration of the CEO has been made. No directors waived or agreed to waive any emoluments during the Relevant Periods. No incentive payment for joining the Group or compensation for loss of office was paid or payable to any directors during the Relevant Periods.

(c) Five highest paid individuals

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

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Basic salaries, allowances and benefits	1,367	1,577	1,741
Discretionary bonuses	160	196	253
Employer's contribution to pension scheme	58	65	71
	1,585	1,838	2,065

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

9 OTHER EXPENSES

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Auditors' remuneration	172	180	306
Advertising and promotions	3,591	4,421	3,572
Cleaning and laundry expenses	2,301	3,068	3,910
Credit card charges	1,888	2,520	2,833
Repairs and maintenance	657	1,033	1,100
Entertainment	1,378	851	711
Consumable stores	2,032	2,795	3,085
Insurance	682	669	655
Legal and professional fees	70	–	61
Printing and stationery	624	714	638
Staff messing	2,158	4,943	3,737
Services fee to temporary workers	7,116	8,797	11,663
Transportation	1,561	1,737	862
Others	1,706	1,420	2,161
Operating lease expenses			
– Normal rent for premises	26,870	31,475	37,729
– Contingent rent for premises*	1,849	1,901	4,036
Operating lease – equipment	121	19	–
Building management fee and air conditioning charges	8,867	11,097	11,762
Government rent and rates	1,248	1,347	1,671
Water, electricity and telephone	4,460	6,296	6,333
Management fee *(note 34(b))*	1,332	1,204	1,059
Underprovision for reinstatement costs	–	–	252
	70,683	86,487	98,136

* The contingent rent refers to the operating rentals based on pre-determined percentage to the restaurant revenue less minimum rentals of the respective leases.

10 FINANCE COSTS

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Interest expense on bank borrowings wholly repayable within five years	538	502	589
Interest expense on bank borrowings not wholly repayable within five years	428	401	259
Interest expense on finance lease obligations	30	18	14
	996	921	862

11 INCOME TAX EXPENSE

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Current income tax			
Current income tax on profits for the year			
– Hong Kong	2,946	5,223	3,521
– The PRC	3	330	480
Overprovided in prior year	(18)	(9)	(18)
	2,931	5,544	3,983
Deferred income tax			
Origination and reversal of temporary differences	(2,593)	(963)	134
Underprovided in prior year	4	–	2
	(2,589)	(963)	136
Income tax expense	342	4,581	4,119

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2013, 2014 and 2015.

According to the PRC Enterprise Corporate Tax Law promulgated by the PRC government, the PRC's statutory income tax rate is 25%. The Company's PRC subsidiaries are subject to income tax at the rate of 25% for the years ended 31 December 2013, 2014 and 2015.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using applicable statutory tax rates as follows:

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Profit before income tax	2,906	22,481	10,740
Tax calculated at applicable statutory tax rates	(408)	3,266	2,217
Income not subject to tax	(124)	(52)	(235)
Expenses not deductible for tax purposes	938	1,496	2,153
Taxation overprovided in prior year	(14)	(9)	(16)
Tax reduction	(50)	(120)	–
Income tax expense	342	4,581	4,119

12 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results for each of the years ended 31 December 2013, 2014 and 2015 on a combined basis as disclosed in Note 1.3 above.

13 DIVIDENDS

The following dividends were declared and distributed by the companies now comprising the Group to their then equity owners during the Relevant Periods:

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
– Interim dividends	2,400	2,400	2,200
– Special dividends	–	–	23,090*
	2,400	2,400	25,290

* During the year of 2015, (i) Great Virtue declared a special dividend in the sum of HK$14.3 million to its then shareholders, which was settled on 23 September 2015 by way of offsetting its outstanding amounts due from Elite Linker Investment Limited, a company controlled by certain Ultimate Controlling Shareholders of the Company. (ii) Orient Century declared a special dividend in the sum of approximately HK$8.8 million to its then shareholders, which was settled on 23 September 2015 by way of offsetting its outstanding amounts due from Poly Wealth Limited and Solarday.

The rates of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this report.

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Crockery, utensils, linens and uniforms HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 January 2013	5,389	30,249	8,595	738	637	45,608
Additions	–	28,732	7,941	1,930	356	38,959
Transferred from Investment properties *(Note 15)*	1,700	–	–	–	–	1,700
Written-off	–	(8,919)	(3,108)	–	–	(12,027)
At 31 December 2013	7,089	50,062	13,428	2,668	993	74,240
Additions	–	2,020	790	–	–	2,810
Exchange alignment	–	(473)	(156)	(40)	(2)	(671)
At 31 December 2014	7,089	51,609	14,062	2,628	991	76,379
Additions	–	16,604	3,568	431	919	21,522
Disposal and written-off	–	(7,261)	(2,769)	(382)	(637)	(11,049)
Disposal of subsidiaries *(Note 36)*	(7,089)	(549)	–	–	–	(7,638)
Exchange alignment	–	(1,139)	(407)	(91)	(6)	(1,643)
At 31 December 2015	–	59,264	14,454	2,586	1,267	77,571
ACCUMULATED DEPRECIATION						
At 1 January 2013	384	24,807	7,332	–	159	32,682
Charge for the year	221	5,278	1,354	–	192	7,045
Transferred from Investment properties *(Note 15)*	86	–	–	–	–	86
Eliminated on written-off	–	(8,919)	(3,108)	–	–	(12,027)
At 31 December 2013	691	21,166	5,578	–	351	27,786
Charge for the year	251	7,224	2,957	–	247	10,679
Exchange alignment	–	(8)	(4)	–	–	(12)
At 31 December 2014	942	28,382	8,531	–	598	38,453
Charge for the year	187	6,715	2,900	–	258	10,060
Disposal of subsidiaries *(Note 36)*	(1,129)	(549)	–	–	–	(1,678)
Elimination on disposal and written-off	–	(7,262)	(2,736)	–	(623)	(10,621)
Exchange alignment	–	(241)	(133)	–	(2)	(376)
At 31 December 2015	–	27,045	8,562	–	231	35,838
NET BOOK VALUE						
At 31 December 2013	6,398	28,896	7,850	2,668	642	46,454
At 31 December 2014	6,147	23,227	5,531	2,628	393	37,926
At 31 December 2015	–	32,219	5,892	2,586	1,036	41,733

Land and buildings in Hong Kong under medium leases with net book amount of approximately HK$6,398,000 and HK$6,147,000 were pledged to banks to secure general banking facilities granted to the Group as at 31 December 2013 and 2014 (Note 25).

Motor vehicles include the following amounts where the Group is a lessee under finance leases:

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Cost – capitalised finance leases	876	240	1,159
Accumulated depreciation	(348)	(90)	(176)
Net book amount	528	150	983

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

15 INVESTMENT PROPERTIES

	Total
	HK$'000
COST	
At 1 January 2013	27,395
Transferred to property, plant and equipment *(Note 14)*	(1,700)
At 31 December 2013 and 31 December 2014	25,695
Disposal of subsidiaries *(Note 36)*	(25,695)
At 31 December 2015	–
ACCUMULATED DEPRECIATION	
At 1 January 2013	1,597
Charge for the year	1,577
Transferred to property, plant and equipment *(Note 14)*	(86)
At 31 December 2013	3,088
Charge for the year	1,547
At 31 December 2014	4,635
Charge for the year	1,161
Disposal of subsidiaries *(Note 36)*	(5,796)
At 31 December 2015	–
NET BOOK VALUE	
At 31 December 2013	22,607
At 31 December 2014	21,060
At 31 December 2015	–

All investment properties located in Hong Kong under medium leases were pledged to banks to secure general banking facilities granted to the Group as at 31 December 2013 and 2014 (Note 25).

The fair value of the Group's investment properties at 31 December 2013 and 2014 was HK$36,800,000 and HK$39,300,000 respectively. The fair value has been arrived at based on a valuation carried out by an independent property valuer. The valuation was determined by income approach using direct comparison method.

Income approach is a technique in which the estimated stream of future benefits may be enjoyed by reason of ownership, usually the anticipated or projected earnings, is processed to indicate the amount measured through capitalisation of net income or application of multiples derived from financial analysis of similar type of properties.

Direct comparison method is adopted where comparison based on prices realised on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values.

The valuation takes into account the characteristics of the investment properties, which include the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the unit market price. The key input is the unit market price. A significant increase/decrease in the market price will result in the fair value of the investment properties.

The fair value of investment properties is a level 3 recurring fair value measurement. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

16 DEPOSITS PLACED FOR LIFE INSURANCE POLICIES

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Life insurance policy 1 *(Note)*	1,027	1,052	1,078
Life insurance policy 2 *(Note)*	2,602	2,658	2,713
Life insurance policy 3	923	1,125	1,348
	4,552	4,835	5,139

Note: Two life insurance policies were pledged to banks to secure general banking facilities granted to the Group as at 31 December 2013, 2014 and 2015 (Note 25).

Life Insurance Policy 1

In March 2013, the Group entered into a life insurance policy with an insurance company to insure an Executive Director, Mr. Chan Chun Kit. Under the policy, the beneficiary and policy holder is Great Virtue, a Company's subsidiary and the total insured sum is USD200,000 (approximately HK$1,560,000). Great Virtue is required to pay an upfront deposit of USD128,200 (approximately HK$999,960) including a premium charge at inception of the policy amounting to USD8,100 (approximately HK$63,180). Great Virtue can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the upfront deposit payment of USD128,200 plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge ("Cash Value").

In addition, if withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge. The insurance company will pay Great Virtue an interest of 2.25% per annum on the outstanding Cash Value of the policy for the first year. Commencing on the 2nd year, the interest will become 2% per annum plus a premium determined by the insurance company on an annual basis.

The deposit placed for a life insurance policy is denominated in USD, a currency other than the functional currency of the respective group entities.

Life Insurance Policy 2

In January 2011, the Group entered into a life insurance policy with an insurance company to insure an Executive Director, Mr. Chan Chun Kit. Under the policy, the beneficiary and policy holder is Orient Century, a Company's subsidiary and the total insured sum is USD1,000,000 (approximately HK$7,800,000). Orient Century is required to pay an upfront deposit of USD333,276 (approximately HK$2,599,553) including a premium charge at inception of the policy amounting to USD19,997 (approximately HK$155,977). Orient Century can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the upfront deposit payment of USD333,276 plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge.

In addition, if withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge. The insurance company will pay Orient Century an guaranteed interest of 3.9% on annum basis for first 5 years. Commencing on the 6th year, the interest will become 3% per annum plus a premium determined by the insurance company on an annual basis.

The deposit placed for a life insurance policy is denominated in USD, a currency other than the functional currency of the respective group entities.

Life Insurance Policy 3

In April 2009, the Group entered into a life insurance policy with an insurance company to insure an Executive Director, Mr. Chan Chun Kit. Under the policy, the beneficiary and policy holder is Orient Century Limited, a Company's subsidiary and the total insured sum is USD750,000 (approximately HK$5,850,000). Orient Century is required to pay ten annual instalments of USD26,055 up to 30 April 2019 (approximately HK$203,229) including a premium charge at inception of the policy amounting to USD8,100 (approximately HK$63,180). Orient Century can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the accumulated deposit payments plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge.

In addition, if withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge. The insurance company will pay Orient Century an guaranteed interest of 5.55% on annum basis for first 20 years. Commencing on the 21st year, the interest will become 3% per annum plus a premium determined by the insurance company on an annual basis.

The deposit placed for a life insurance policy is denominated in USD, a currency other than the functional currency of the respective group entities.

17 FINANCIAL INSTRUMENTS BY CATEGORY

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

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Loans and receivables			
Rental deposits	10,392	12,277	18,103
Deposits placed for life insurance policies	4,552	4,835	5,139
Trade receivables	1,917	2,825	3,280
Deposits and other receivables	2,594	1,723	1,868
Amounts due from related companies	7,961	13,589	310
Amount due from a director	–	392	–
Amounts due from the then shareholders of subsidiaries	4	4	–
Amounts due from the directors of subsidiaries	11	60	–
Cash and cash equivalents	14,053	23,908	28,060
	41,484	59,613	56,760
Financial assets at fair value through profit or loss			
Equity securities	1,571	1,246	–
	43,055	60,859	56,760

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Other financial liabilities at amortised costs			
Trade payables	7,358	8,619	9,016
Accruals and deposits received	16,611	14,545	19,309
Amounts due to directors	40,197	29,783	4,520
Amounts due to related companies	1,656	2,903	3,539
Amounts due to the then shareholders of subsidiaries	1,495	1,454	–
Amounts due to the directors of subsidiaries	751	854	–
Amounts due to non-controlling shareholders	8,500	9,220	–
Bank borrowings	28,691	29,606	24,305
Obligations under finance leases	475	164	913
Dividend payable to the then shareholders of a subsidiary	2,100	2,000	–
	107,834	99,148	61,602

18 INVENTORIES

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Food and beverages	5,419	5,628	6,611

As at 31 December 2013, 2014 and 2015, there were no inventories stated at net realisable value.

19 TRADE RECEIVABLES

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

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	1,769	2,167	2,285
31 to 60 days	116	232	285
61 to 90 days	32	142	595
Over 90 days	–	284	115
	1,917	2,825	3,280

The Group's sales from its Chinese restaurant operations are mainly conducted in cash or by credit cards. The credit period granted by the Group to its customers ranges from 0 to 30 days. As at 31 December 2013, 2014 and 2015, trade receivables that were not past due nor impaired amounted to approximately HK$1,769,000, HK$2,167,000 and HK$2,285,000, respectively. These balances relate to a wide range of customers for whom there was no recent history of default.

As at 31 December 2013, 2014 and 2015, trade receivables of approximately HK$148,000, HK$658,000 and HK$995,000 were past due but not impaired, respectively. Trade receivables that were past due but not impaired mainly related to receivables from corporate customers which have a long business relationship with the Group. Based on past experience, the directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality of the individual debtors and the balances are still considered fully recoverable.

The ageing analysis of these trade receivables by overdue date is as follows:

	As at 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	116	232	286
31 to 60 days	32	142	594
61 to 90 days	–	105	19
Over 90 days	–	179	96
	148	658	995

As at 31 December 2013 and 2014 and 2015, no trade receivables were impaired. No allowance for impairment of trade receivables was made as at 31 December 2013 and 2014 and 2015.

The carrying amounts of trade receivables approximate their fair values and are denominated in HK$ and RMB, which are the functional currencies of the respective group entities. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Rental deposits	10,392	12,277	18,103
Utilities deposits	1,662	1,467	1,476
Other deposits	827	178	146
Prepayments	1,778	2,755	1,381
Prepaid [**REDACTED**] expenses	–	–	2,687
Other receivables	105	78	246
	14,764	16,755	24,039
Less: Non-current portion			
– rental deposits	10,392	9,823	15,649
Current portion	4,372	6,932	8,390

The carrying amounts of deposits, prepayments and other receivables approximate their fair values and are denominated in HK$ and RMB, which are the functional currencies of the respective group entities.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Equity securities listed in Hong Kong			
– held-for-trading	1,571	1,246	–
Market value of listed securities	1,571	1,246	–

Changes in fair values of financial assets at fair value through profit or loss are recorded in "Other gains and losses" in the combined statements of comprehensive income (Note 7).

The fair value of all equity securities is based on their current bid prices in an active market.

22 CASH AND CASH EQUIVALENTS

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Cash at banks	12,725	22,714	27,312
Cash on hand	1,328	1,194	748
Cash and cash equivalents	14,053	23,908	28,060
Maximum exposure to credit risk	12,725	22,714	27,312

Majority of the Group's cash and cash equivalents are denominated in HK$ and RMB, which are the functional currencies of the respective group entities. Cash at banks earn interest at floating rates based on daily bank deposit rates.

23 TRADE PAYABLES

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

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables – third parties	5,910	6,908	9,016
Trade payables – related parties	1,448	1,711	–
	7,358	8,619	9,016

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	6,385	7,032	6,611
31 to 60 days	936	1,282	2,079
61 to 90 days	37	156	187
Over 90 days	–	149	139
	7,358	8,619	9,016

The carrying amounts of trade payables approximate their fair values and are denominated in HK$ and RMB,which are the functional currencies of the respective group entities.

24 ACCRUALS, PROVISIONS AND DEPOSITS RECEIVED

	As at 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Accrued short term employee benefits expenses	5,271	6,464	8,420
Accrued rental expenses	343	744	3,856
Accrued utilities expenses	432	488	765
Other payables for purchases of property, plant and equipment	9,142	4,783	7,664
Other accrued expenses	1,487	2,286	1,975
Receipts-in-advance from customers	298	2,346	3,209
Provision for unutilised paid annual leave	306	506	377
Total accruals and provisions	17,279	17,617	26,266
Deposits received for banquets	7,575	6,509	4,054
Other deposits received	144	178	–
Total deposits received	7,719	6,687	4,054
Less: Non-current portion – deposits received for banquets	332	221	242
Current portion of deposits received	7,387	6,466	3,812
	24,666	24,083	30,078

The carrying amounts of accruals and provisions and deposits received approximate their fair values and are denominated in HK$ and RMB, which are the functional currencies of the respective group entities.

25 BANK BORROWINGS

	As at 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Bank borrowings due for repayment within one year	6,968	11,805	10,233
Bank borrowings due for repayment after one year which contain a repayment on demand clause	21,723	17,801	14,072
	28,691	29,606	24,305

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

	As at 31 December		
	2013	2014	2015
Bank borrowings	3.30%	3.09%	3.15%

The carrying amounts of current bank borrowings approximate their fair values, as the impact of discounting was not significant or the borrowings carried floating interest rate and are denominated in HK$.

As at 31 December 2013, 2014 and 2015, the Group had aggregate banking facilities of approximately HK$42,801,000, HK$40,767,000 and HK$38,466,000 for loans, overdrafts and other facilities. Unused facilities as at the same dates amounted to approximately HK$8,503,000, HK$5,553,000 and HK$7,161,000 respectively. These facilities were secured by:

(a) The Group's land and buildings with net book amount of approximately HK$6,398,000 and HK$6,147,000 as at 31 December 2013 and 2014. (Note 14);

(b) The Group's investment properties with net book amount of approximately HK$22,607,000 and HK$21,060,000 as at 31 December 2013 and 2014. (Note 15);

(c) The Group's two life insurance policies with the amount of approximately HK$3,629,000, HK$3,710,000 and HK$3,791,000 as at 31 December 2013, 2014 and 2015 (Note 16);

(d) Personal guarantees given by the Ultimate Controlling Shareholders as at 31 December 2013, 2014 and 2015 (Note 34);

(e) Personal guarantees given by certain controlling shareholders of a non-controlling shareholder as at 31 December 2013, 2014 and 2015 (Note 34);

(f) Corporate guarantees given by a company controlled by certain Ultimate Controlling Shareholders, and a non-controlling shareholder as at 31 December 2013 and 2014 and 2015 (Note 34); and

(g) The properties held by the former subsidiaries controlled by certain Ultimate Controlling Shareholders of the Company as at 31 December 2015 (Note 34).

26 OBLIGATIONS UNDER FINANCE LEASES

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

		As at 31 December	
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Gross finance lease liabilities – minimum lease payments			
No later than 1 year	329	58	260
Later than 1 year and no later than 5 years	178	120	738
	507	178	998
Future finance charges on finance leases	(32)	(14)	(85)
Present value of finance lease liabilities	475	164	913
The present value of finance lease liabilities is as follows:			
No later than 1 year	272	50	224
Later than 1 year and no later than 5 years	203	114	689
	475	164	913

As at 31 December 2013, 2014 and 2015, finance lease liabilities are denominated in HK$ and secured by motor vehicles (Note 14).

27 PROVISION FOR REINSTATEMENT COSTS

	As at 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
At 1 January	2,179	2,952	2,935
Actual costs paid	–	–	(804)
Additions	773	–	800
Underprovision	–	–	252
Exchange alignment	–	(17)	(41)
At 31 December	2,952	2,935	3,142
Less: Non-current portion	2,952	2,290	3,049
Current portion	–	645	93

Provision for reinstatement costs is recognised for the costs to be incurred for the reinstatement of the properties used by the Group for its operations upon expiration of the relevant leases. The Group expected that the present value of the costs approximates their undiscounted costs.

28 DEFERRED INCOME TAX ASSETS/(LIABILITIES)

The analysis of deferred income tax assets/(liabilities) is as follows:

	As at 31 December		
	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Deferred income tax assets	4,277	5,190	4,888
Deferred income tax liabilities	–	–	(48)
	4,277	5,190	4,840

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

Deferred income tax

	Decelerated tax depreciation	Tax losses	Provisions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	1,401	244	43	1,688
Credited to combined statements of comprehensive income	376	2,171	42	2,589
At 31 December 2013	1,777	2,415	85	4,277
Exchange alignment	3	(53)	–	(50)
Credited/(charged) to combined statements of comprehensive income	1,470	(571)	64	963
At 31 December 2014	3,250	1,791	149	5,190
Exchange alignment	(74)	(96)	–	(170)
Disposal of subsidiaries *(Note 36)*	(44)	–	–	(44)
Charged to combined statements of comprehensive income	(43)	(5)	(88)	(136)
At 31 December 2015	3,089	1,690	61	4,840

29 SHARE CAPITAL

The Company was incorporated on 1 September 2015 with an initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with par value of HK$0.01 each. On the date of incorporation, 1 ordinary share was subscribed by a nominee company at nil consideration, which was then transferred to Zhao Tian Ventures Limited ("Zhao Tian") on the same date. Other than the share transfer aforementioned, no other share transaction was undertaken by the Company from its incorporation to 31 December 2015. There were no authorised and issued share capital as at 31 December 2013 and 2014 as the Company has not yet been incorporated.

30 MAJOR NON CASH TRANSACTIONS

Additions of property, plant and equipment include reinstatement costs amounting to approximately HK$773,000 and HK$800,000 for the years ended 31 December 2013 and 2015 respectively, which do not involve any cash payment.

During the years ended 31 December 2013 and 2015, the Group entered into finance leases in respect of the acquisition of property, plant and equipment with a total capital at the inception of the leases of approximately HK$240,000 and HK$826,000 respectively.

On 18 September 2015, the Group acquired 20% additional equity interest in Star China by allotting and issuing 521 shares of Zhen Tong to the vendor. After the aforesaid acquisition, Star China became a wholly-owned subsidiary of the Group. Star China is principally engaged in investment holding. Its principal subsidiary is engaged in restaurant operation.

On 18 September 2015, Mr. Ip Yun Sang and Mr. Tsang Chui Chun have waived their amounts due from the Group in total amount of approximately HK$864,000 and HK$6,720,000 respectively and the gains have been accounted for as deemed contribution recognised in the Group's equity directly in the financial statements for the year ended 31 December 2015.

On 18 September 2015, Great Virtue disposed of 100% equity interests in both Richfield Develop and Long Run to a related company connected with certain Ultimate Controlling Shareholders at an aggregate consideration of approximately HK$25,720,000. The consideration was settled by offsetting the loans and dividend payable to those Ultimate Controlling Shareholders.

On 21 September 2015, the Group acquired 30% additional equity interest in Great Virtue by allotting and issuing 1,202 shares of Zhen Tong to the vendor. After the aforesaid acquisition, Great Virtue became a wholly-owned subsidiary of the Group. Great Virtue is principally engaged in restaurant operation.

31 CONTINGENCIES

At 31 December 2014, certain Company's subsidiaries have issued unlimited cross guarantee to a bank in respect of a banking facility granted to the subsidiaries of the Company and a related company, Harvest Express Development Limited. At 31 December 2015, certain Company's subsidiaries have issued unlimited cross guarantee to a bank in respect of a banking facility granted to the subsidiaries of the Company, a related company, Harvest Express Development Limited and a former subsidiary controlled by certain Ultimate Controlling Shareholders. At 31 December 2014 and 2015, the directors do not consider it probable that a claim will be made against the Group under the above guarantee. The maximum liabilities of the Group at 31 December 2014 and 2015 not provided for in the Financial Information are the amount of bank loans drawn by the related company under the cross guarantee at that date of approximately HK$1,504,000 and HK$7,117,000 respectively.

32 CAPITAL COMMITMENTS

As at 31 December 2013 and 31 December 2014, there was unpaid capital commitment of HK$4,000,000 for 利寶閣(深圳)餐飲有限公司 which has been injected by Star of Canton Restaurant (China) Limited on 31 August 2015.

33 OPERATING LEASE COMMITMENTS

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

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

Minimum lease payments under non-cancellable operating leases in respect of properties are payable as a lessee as follows:

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
No later than 1 year	30,527	31,901	39,247
Later than 1 year and no later than 5 years	70,121	56,400	106,910
Later than 5 years	5,111	–	56,454
	105,759	88,301	202,611

Minimum lease payments under non-cancellable operating leases in respect of properties are receivable as a lessor as follows:

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
No later than 1 year	87	1,078	–
Later than 1 year and no later than 5 years	–	445	–
	87	1,523	–

34 RELATED PARTY TRANSACTIONS

(a) Related parties

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

Name	Relationship with the Group
Mr. Chan Chun Kit	Executive Director of the Company and one of the Company's Ultimate Controlling Shareholders
Mr. Wong Ka Wai	Executive Director of the Company and one of the Company's Ultimate Controlling Shareholders
Mr. Lam Kwok Leung	Executive Director of the Company
Mr. Chow Chor Ting	Director of subsidiaries and one of the Company's Ultimate Controlling Shareholders
Mr. Ip Yun Sang	Director of subsidiaries and the husband of the controlling shareholder of a non-controlling shareholder
Mr. Pang Shu Wan	Director of subsidiaries
Mr. Tsang Chui Chun	Director and non-controlling shareholder of a subsidiary, Star of Canton
Mr. Cheung Yuen Chau	One of the controlling shareholders of Richmax
Mr. David Chu	One of the controlling shareholders of Richmax
Sky Gain Investments Limited ("Sky Gain")	Then shareholders of subsidiaries
Sun Foo Sing Development Limited ("Sun Foo Sing")	Then shareholders of subsidiaries
Ah Wong Frozen Meat ("Ah Wong")	Unincorporated business enterprise controlled by the sister of Mr. Chan
Bright Creator Limited ("Bright Creator")	A Company controlled by Mr. Chan and his spouse
Poly Wealth Limited ("Poly Wealth")	A Company controlled by the Ultimate Controlling Shareholders
麗嘉(深圳)餐飲有限公司	A Company controlled by Mr. Chan
Taste Creator Investment Limited ("Taste Creator")	Immediate holding company of a subsidiary, Great Virtue
Tiena Company Limited ("Tiena")	A Company controlled by Mr. Chow
Wits Management Limited ("Wits")	A Company controlled by Mr. Chan
Star Catering Management Limited ("Star Catering")	A Company controlled by the Ultimate Controlling Shareholders
Richmax Investment (H.K.) Limited ("Richmax')	Non-controlling shareholder of a subsidiary, Great Virtue
Harvest Express Development Limited ("Harvest Express")	A Company controlled by Mr. Chan
Hanman Limited ("Hanman")	A Company controlled by the Ultimate Controlling Shareholders
Lippo Catering Management Limited ("Lippo Catering")	A Company controlled by the Ultimate Controlling Shareholders
Elite Linker Investment Limited ("Elite Linker")	A Company controlled by the Ultimate Controlling Shareholders
Long Run Investment Limited ("Long run")	A Company controlled by Elite Linker
Richfield Develop Limited ("Richfield Develop")	A Company controlled by Elite Linker
First Lucky Investment Limited ("First Lucky")	A Company controlled by Mr. Chan

(b) Transactions with related parties

Save as disclosed elsewhere in the Financial Information, the Group had the following significant transactions with its related parties during the Relevant Periods:

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Purchases of goods from Ah Wong *(i)*	12,472	16,104	9,389
Management fee paid to Bright Creator *(ii)*	1,332	1,204	1,059
Fee paid to a corporate director of a subsidiary, Poly Wealth *(iii)*	900	–	–

Notes:

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

(ii) Management fee paid to a related company was charged at terms mutually agreed by both parties.

(iii) Fee paid to a corporate director was transacted in the normal course of business.

(c) Balances with related parties

The Group had the following balances with related parties:

(i) Amounts due from related companies

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Taste Creator	25	60	7
Poly Wealth	7,836	7,722	1
Tiena	50	53	–
Wits	50	53	–
麗嘉(深圳)餐飲有限公司	–	5,701	–
Hanman	–	–	6
Lippo Catering	–	–	22
Elite Linker	–	–	10
Long Run	–	–	262
First Lucky	–	–	2
Total	7,961	13,589	310

(ii) Amount due from a then shareholder of subsidiaries

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Sun Foo Sing	4	4	–

(iii) Amounts due from the directors of subsidiaries

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Mr. IP Yun Sang	11	–	–
Mr. Chow Chor Ting	–	60	–
Total	11	60	–

(iv) Amount due from a director

	As at 31 December		
	2013	2014	2015
	HK$'000	HK$'000	HK$'000
Mr. Lam Kwok Leung	–	392	–

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

	As at 31 December		
	2013	2014	2015
	HK$'000	HK$'000	HK$'000
Maximum outstanding balances due from:			
Taste Creator	25	63	60
Poly Wealth	10,599	8,932	8,785
Tiena	1,500	53	53
Wits	1,500	53	54
麗嘉(深圳)餐飲有限公司	–	5,701	6,023
Sun Foo Sing	4	4	4
Bright Creator	–	–	36
Mr. IP Yun Sang	11	11	–
Mr. Chow Chor Ting	–	60	61
Mr. Lam Kwok Leung	–	392	392
Hanman	–	–	6
Lippo Catering	–	–	22
Elite Linker	–	–	10
Long Run	–	–	262
First Lucky	–	–	2

(i) Amounts due to directors

	As at 31 December		
	2013	2014	2015
	HK$'000	HK$'000	HK$'000
Mr. Chan Chun Kit*	33,545	25,386	3,587
Mr. Wong Ka Wai*	6,292	4,397	43
Mr. Lam Kwok Leung	360	–	–
Mr. Chan Chun Kit and Wong Ka Wai*	–	–	890
Total	40,197	29,783	4,520

* Also the Ultimate Controlling Shareholders.

(ii) Amounts due to related companies

	As at 31 December		
	2013	2014	2015
	HK$'000	HK$'000	HK$'000
Star Catering	642	617	–
Ah Wong	1,014	2,286	3,457
Richfield Develop	–	–	82
Total	1,656	2,903	3,539

(iii) Amounts due to the directors of subsidiaries

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Mr. IP Yun Sang	–	853	–
Mr. Chow Chor Ting	750	–	–
Mr. Pang Shu Wan	1	1	–
Total	751	854	–

(iv) Amounts due to the then shareholders of subsidiaries

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Bright Creator	1,315	1,274	–
Sky Gain	180	180	–
Total	1,495	1,454	–

(v) Amounts due to non-controlling shareholders

	As at 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Mr. Tsang Chui Chun	6,000	6,720	–
Richmax	2,500	2,500	–
Total	8,500	9,220	–

Receivables and payables from/to related parties are unsecured, interest free and repayable on demand. Receivables from related parties are neither past due nor impaired. The carrying amounts of amounts due from/to related parties approximate their fair values and are denominated in HK$. All balances due from/to related parties as at 31 December 2015 have been either settled or waived by the related parties before [**REDACTED**] of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

(d) Key management compensation

The remuneration of directors and members of key management was as follows:

	Year ended 31 December		
	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Basic salaries, allowances and benefits	1,863	2,018	2,486
Discretionary bonuses	153	261	250
Employer's contribution to pension scheme	70	84	101
	2,086	2,363	2,837

The remuneration of key management fell within the following bands:

	Number of individuals Year ended 31 December 2013	2014	2015
Remuneration bands:			
Nil – HK$1,000,000	6	6	7

(e) Other arrangements with related parties

Banking facilities available to the Group included guarantees provided by the Ultimate Controlling Shareholders and their related companies, and Mr. Cheung Yuen Chau and Mr. David Chu who are the controlling shareholders of a non-controlling shareholder as at 31 December 2013, 2014 and 2015.

Banking facilities available to the Group were also secured by the properties held by the former subsidiaries controlled by certain Ultimate Controlling Shareholders as at 31 December 2015.

At 31 December 2014 and 2015, certain Company's subsidiaries and Harvest Express have issued unlimited cross guarantee to a bank in respect of banking facilities granted to them.

All such guarantees and collaterals [have been] released prior to the [**REDACTED**] of the Company's shares on the Growth Enterprise Market of The Stock exchange of Hong Kong Limited.

35 SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

The total comprehensive income attributable to non-controlling interests during the Relevant Periods as shown in the combined statements of comprehensive income is attributable to non-controlling interests in Great Virtue and its subsidiaries (the "Great Virtue Group"). The total non-controlling interests at 31 December 2013 and 2014 as shown in the combined statements of financial position are attributed to the Great Virtue Group. The summarised financial information of the Great Virtue Group is set out below.

Summarised Statements of Financial Position

	As at 31 December 2013 *HK$'000*	2014 *HK$'000*
Current		
Assets	21,095	30,022
Liabilities	93,746	91,155
Net current liabilities	(72,651)	(61,133)
Non-current		
Assets	70,709	62,684
Liabilities	2,347	1,490
Net non-current assets	68,362	61,194
Net (liabilities)/assets	(4,289)	61

Summarised Statements of Comprehensive Income

	Year ended 31 December		
	2013	**2014**	**2015***
	HK$'000	*HK$'000*	*HK$'000*
Revenue	97,468	153,310	118,577
(Loss)/profit before income tax	(1,993)	9,223	10,793
Income tax credit/(expense)	651	(2,223)	(1,756)
Net (loss)/profit	(1,342)	7,000	9,037
– Attributable to equity owner of the Company	296	5,532	6,068
– Attributable to non-controlling interests Star China	(1,638)	(1,125)	394
– Attributable to non-controlling interests of Great Virtue	–	2,593	2,575
Other comprehensive income/(expense)	337	(250)	(43)
Total comprehensive (expense)/income	(1,005)	6,750	8,994
– Attributable to equity owner of the Company	485	5,392	6,044
– Attributable to non-controlling interests of Star China	(1,571)	(1,175)	385
– Attributable to non-controlling interests of Great Virtue	81	2,533	2,565
Dividends paid to non-controlling interests	–	–	–

* The non-controlling interests in Great Virtue Group were acquired by the Group on 18 September 2015. Accordingly, the results of such subsidiaries were included up to the date of such acquisition.

Summarised Statements of Cash Flows

	Year ended 31 December	
	2013	**2014**
	HK$'000	*HK$'000*
Cash flows from operating activities		
Cash generated from operations	6,591	17,192
Income tax paid	(3,152)	(1,972)
Net cash generated from operating activities	3,439	15,220
Net cash used in investing activities	(30,744)	(7,192)
Net cash generated from/(used in) financing activities	31,149	(8,067)
Net increase/(decrease) in cash and cash equivalents	3,844	(39)
Cash and cash equivalents at beginning of the year	7,899	11,743
Exchange losses on cash and cash equivalents	–	(100)
Cash and cash equivalents at end of the year	11,743	11,604

36 DISPOSAL OF SUBSIDIARIES

On 18 September 2015, Great Virtue disposed of 100% equity interests in both Richfield Develop and Long Run (the "Disposal Group") to a related company connected with certain Ultimate Controlling Shareholders at an aggregate consideration of approximately HK$25,720,000 which was fully settled by offsetting the loans and dividend payable to those Ultimate Controlling Shareholders. The consideration was mutually agreed by the relevant contractual parties after negotiations.

The net liabilities of the Disposal Group as at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	5,960
Investment properties	19,899
Deferred income tax assets	44
Deposits, prepayments and other receivables	131
Cash and cash equivalents	232
Accruals, provisions and deposits received	(231)
Amounts due to related parties	(18)
Amounts due to fellow subsidiaries	(18,098)
Borrowings	(13,035)
Current income tax liabilities	(70)
Net liabilities disposed of	(5,186)
Non-controlling interests	1,556
	(3,630)
Total consideration satisfied by:	
Set-off of loans and dividend payable	25,720
Surplus on disposal of subsidiaries accounted for as deemed contribution from the Ultimate Controlling Shareholders	29,350
Cash outflow arising on disposal:	
Cash and cash equivalent disposed of	232

The results of the Disposal Group for the relevant periods, which have been included in the combined statements of comprehensive income, were as follows:

	2013	**2014**	**2015**
	HK$'000	*HK$'000*	*HK$'000*
Other income	1,389	1,478	1,163
Depreciation	(1,981)	(1,981)	(1,348)
Other expenses	(202)	(232)	(214)
Finance costs	(428)	(401)	(286)
Income tax expense	(65)	(63)	(104)
Loss for the year	(1,287)	(1,199)	(789)

The assets and liabilities of the Disposal Group at the end of the respective reporting periods, which have been included in the combined statements of financial position, were as follows:

	2013	2014
	HK$'000	*HK$'000*
Property, plant and equipment	6,581	6,147
Investment properties	22,607	21,060
Deferred income tax assets	35	53
Deposits, prepayments and other receivables	145	115
Cash and cash equivalents	236	226
Current income tax recoverable	–	21
Accruals, provisions and deposits received	(171)	(214)
Amount due to a director	(61)	(61)
Borrowings	(14,625)	(13,725)
Current income tax liabilities	(17)	–

The net cash flows attributable to the Disposal Group for the relevant periods, which have been included in the combined statements of cash flows, were as follows:

	2013	2014	2015
	HK$'000	*HK$'000*	*HK$'000*
Operating activities	967	1,198	6,911
Financing activities	(1,051)	(1,208)	(939)
Net cash outflow	(84)	(10)	5,972

37 EVENTS AFTER THE REPORTING DATE OF 31 DECEMBER 2015

(a) Additional banking facilities

Pursuant to a facility letter dated 14 January 2016 issued by a bank, additional banking facilities, in the form of revolving loan facility, of HK$10,000,000 for replacing the existing overdraft facility of HK$6,000,000 are granted to a wholly-owned subsidiary of the Company, Excel Linker, on the conditions that a standby documentary credit of RMB8,950,000 will be issued by financial institutions in favour of the bank and the Company will provide a corporate guarantee to the bank.

(b) Waiver of amounts due to directors

On 2 March 2016, the Company's director, Mr. Chan Chun Kit and Mr. Wong Ka Wai, who are also the Ultimate Controlling Shareholders have waived their amounts due from the Group in total of approximately HK$7,700,000 and the gain will be accounted for as deemed contribution from the Ultimate Controlling Shareholders recognised in the Group's equity directly in the financial statements for the year ending 31 December 2016.

(c) Completion of the Reorganisation

On [●] 2016, Zhao Tian, Sincere Expand Limited ("Sincere") and Universal Palm Trading Limited ("Universal") (as vendors) and the Company (as purchaser) entered into a sale and purchase agreement pursuant to which the Company acquired 10,000 shares in Zhen Tong, representing its entire issued share capital and in consideration thereof, (i) one nil-paid Share held by Zhao Tian was credited as fully-paid; and (ii) 8,486 Shares, 1,062 Shares and 451 Shares were allotted to Zhao Tian, Sincere and Universal respectively.

The Reorganisation was completed on [●] and the details are summarised in the section headed "History, Reorganisation and Development" to the Document.

(d) Written resolutions of the Shareholders passed on [●]

On [●], resolutions in writing were passed by the shareholders to approve the matters set out in the paragraph headed "Written resolutions of the Shareholders passed on [●]" in Appendix IV to the document which include, among others,

(i) the Company resolved to increase the authorised share capital of the Company from HK$380,000 to HK$[20,000,000] by the creation of an additional of [1,962,000,000] Shares, each ranking pari passu with the Shares then in issue in all Respects;

(ii) conditional on the share premium account of the Company being credited as a result of the issue of the shares by the Company pursuant to the [**REDACTED**] of the shares of the Company as contained in the Document, the sum of HK$[**REDACTED**] standing to the credit of the share premium account of the Company will be capitalised and applied in paying up in full at par [**REDACTED**] shares of HK$$0.01 each; and

(iii) the share option scheme of the Company (the "Share Option Scheme") will be adopted and the directors of the Company will be authorised to grant options to subscribe for shares of the Company thereunder and to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under Share Option Scheme and to take all such actions as may be necessary and/or describe to implement and give effect to the Share Option Scheme.

III FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated on 1 September 2015 with an initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with par value of HK$0.01 each. On the date of incorporation, 1 ordinary share was subscribed by a nominee company at nil consideration, which was then transferred to Zhao Tian on the same date. The Company had not involved in any significant business transactions since its date of incorporation to the date of this report.

IV SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2015 up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2015.

Yours faithfully,
TING HO KWAN & CHAN CPA LIMITED
Certified Public Accountants
[●]
Practising Certificate Number [P0[●]]
Hong Kong