喜尚控股有限公司

Gayety Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8179

2014
Annual Report

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CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors
Mr. Wong Kwan Mo *(Chairman)*
Ms. Lau Lan Ying *(Chief executive officer)*

Independent non-executive Directors
Mr. Li Fu Yeung
Ms. Chiu Man Yee
Mr. Kwan Wai Yin, William

Compliance Officer

Ms. Lau Lan Ying

Authorised Representatives

Ms. Lau Lan Ying
Mr. Wong Tin King, Richard, *CPA, FCA*

Company Secretary

Mr. Wong Tin King, Richard, *CPA, FCA*

Audit Committee Members

Mr. Li Fu Yeung *(Chairman)*
Ms. Chiu Man Yee
Mr. Kwan Wai Yin, William

Remuneration Committee Members

Ms. Chiu Man Yee *(Chairman)*
Mr. Li Fu Yeung
Mr. Kwan Wai Yin, William

Nomination Committee Members

Mr. Li Fu Yeung *(Chairman)*
Ms. Chiu Man Yee
Mr. Kwan Wai Yin, William

Legal Advisers to the Company

Michael Li & Co.

Auditors

SHINEWING (HK) CPA Limited
Certified Public Accountants

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

Registered Office

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head Office, Headquarters and Principal Place of Business in Hong Kong

Shop No. 46, Ground Floor
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Yuen Long
New Territories
Hong Kong

Hong Kong Share Registrars and Transfer Office

Union Registrars Limited
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Town Place
33 Lockhart Road
Wanchai
Hong Kong

Company Website

www.gayety.com.hk

GEM Stock Code

8179

CHAIRMAN'S STATEMENT

TO OUR SHAREHOLDERS

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual results of Gayety Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2014.

Financial Results

For the year ended 31 December 2014, the Group's recorded a revenue of HK$464,924,000, an increase of 20% from HK$386,262,000 as reported last year. Profit attributable to the owners of the Company rose to HK$81,626,000, a significant increase of 244% as compared to last year. Such increases were mainly attributable to the realized and unrealized gain from financial asset at fair value through profit or loss, amounting to HK$94,544,000. After eliminating the effect of abovementioned gain from financial asset at fair value through profit or loss, the profit attributable to owners of the Company decreased by HK$21,076,000 to approximately HK$2,682,000.

Restaurant operations

At present, the Group is operating nine restaurants under three brands, namely Red Seasons Aroma Restaurants ("Red Seasons"), Plentiful Delight Banquet Restaurant ("Plentiful Delight Banquet") and Red Royalty Banquet Restaurant ("Red Royalty").

Hong Kong retail market faced challenging times in 2014. The food, labor and rental costs kept rising and the consumption sentiment was worsened during the year. Turnover from the Group's banquet services decreased by 5% as compared to last year.

The assemblies triggered by the Occupy Central movement in the fourth quarter of 2014 caused a number of major trunk roads in Hong Kong being blocked. These impacts were not only at the protest sites, but also across Hong Kong in a whole. The road transport and daily lives of public were largely disrupted. Many people did not go out to eat during the protest period since they felt uneasy and uncomfortable. As a result, the Group, especially the Hong Kong Island Red Seasons, was deeply impacted.

In addition, the Hong Kong Island Red Seasons were loss-making during the year due to the weaker than expected customer traffic and spending. Impairment losses were recognised for property, plant and equipment of the Hong Kong Island Red Seasons.

As traditional Chinese restaurants require intensive initial capital expenditure and relatively large space for operation, the management adjusts its restaurant expansion strategy. The Group will focus on the establishment of smaller Chinese restaurants. Encouraged by the huge success of the signature dish, roast suckling pig stuffed with glutinous rice and dried prawns ("Roast Suckling Pig") and the irresistible Siu Mei dishes, Red Seasons becomes our flagship brand. Taking into consideration the abovementioned factors, the management decided to take steps to further develop Red Seasons brand by adopting the new restaurant expansion strategy. Accordingly, the Olympian City store was revamped into Red Seasons and it was widely acclaimed by our customers.

During the year, the Group has expanded the sales channel online to boost sales revenue. Customers are able to purchase our top quality dishes, selected products and piglet vouchers at our website http://www.redseasons.com.hk/shop. These dishes and products can be delivered to the customers' own places. This is ideal for customers who seek for convenience and efficiency and want to enjoy our food in their own place.

The management will continue to review the performance of each restaurant and close the underperforming locations. During the year, the Group ceased the ownership of Wan Chai Home-made Cuisine. The Group will open new restaurants in optimal locations with continuous and steady flow of potential customers and good business potential.

Food products operation

The Group extended the business to food products operation through acquisition of 58% interests of Nicecity Limited ("Nicecity") and Excellent Catering Management Limited ("Excellent Catering"). Nicecity and Excellent Catering are principally engaged in the production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei to major supermarket chains. Nicecity and Excellent Catering are operating a food processing factory in Tsuen Wan and over 70 concessionaire stores in Hong Kong.

The acquisition marks an important step and extends the geographical reach of our products. The Group can reach out to additional customers in local supermarkets and achieve economics of scale through the bulk purchases from the suppliers.

Securities Investment Business

During the year, the Group has invested in certain securities and obtained satisfactory returns. The management will actively seek potential investment opportunities to enhance the financial position and earnings of the Group.

Prospects

The management has been reviewing the Company's existing businesses and strived to improve its business operations. The management will diversify the Company's existing business portfolio and broaden its source of income, and enhance value to the shareholders, especially in the People's Republic of China (the "PRC").

The management intends to enter the Chinese dessert market with a Hong Kong renowned dessert brand "發記甜品". Given that the customers in the PRC will usually prefer the brand name products from Hong Kong more than the local brand, "發記甜品" will easily arouse awareness in the PRC. It will help the Group to tap in the dessert market in the PRC, and explore the opportunities for further development of the Group's catering business in the PRC.

Appreciation

I would like to thank our shareholders for their support to the Group. I would also like to thank my fellow Directors and all staff members for their positive contributions during the year. We will continue to work towards our goal to improve our results in the future.

Wong Kwan Mo
Chairman

Hong Kong, 30 March 2015

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors of the Company and the senior management of the Group are set out as follows:

Executive Directors

Mr. Wong Kwan Mo（黃君武先生）("Mr. Wong KM"), aged 58, the founder of the Group, is the chairman of the Board and an executive Director. He was appointed an executive Director on 10 February 2011. Mr. Wong KM is an accomplished restaurateur who has over 30 years of operating experience in the food industry. Mr. Wong KM has been responsible for the overall management, business development and strategic planning of the Group since its establishment in 2006. Mr. Wong KM is the husband of Ms. Lau LY and a Controlling Shareholder.

Ms. Lau Lan Ying（劉蘭英女士）("Ms. Lau LY"), aged 51, is the chief executive officer of the Board and an executive Director. She was appointed an executive Director on 10 February 2011. She is also the compliance officer of the Company. Ms. Lau LY has over 15 years of operating experience in the food industry, including mainly her involvement in the financial management of the fresh meat supply companies operated by Mr. Wong KM. Ms. Lau LY has been responsible for the overall strategic management in finance, accounting, human resources and marketing of the Group since 2006. Ms. Lau LY is a Controlling Shareholder.

Independent Non-Executive Directors

Mr. Li Fu Yeung（李富揚先生）, aged 35, was appointed an independent non-executive Director on 25 June 2011. He is also the chairman of the nomination committee and audit committee of the Company and a member of the remuneration committee of the Company. Mr. Li has over 10 years of experience in the financial industry. Since 2004, Mr. Li has worked in Manulife (International) Limited and his current position is Unit Manager and is responsible for the sales and marketing of insurance related product. Mr. Li obtained a diploma in computer science from the Sydney Institute of Business and Technology in 2001.

Ms. Chiu Man Yee（趙曼而女士）, aged 34, was appointed an independent non-executive Director on 25 June 2011. She is also the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company. Ms. Chiu has over 10 years of accounting and financial experience accumulated from working for various professional accounting firms. She is currently working in Prudential Hong Kong Limited and Prudential General Insurance Hong Kong Limited as business manager. Ms. Chiu obtained a bachelor's degree in finance and marketing from The Hong Kong University of Science and Technology in 2002. She is currently a member of Hong Kong Institute of Certified Public Accountants.

Mr. Kwan Wai Yin, William（關偉賢先生）, aged 39, was appointed an independent non-executive Director on 2 September 2013. He is also a member of the audit committee, nomination committee and remuneration committee of the Company. Mr. Kwan possesses extensive experience in marketing and sales. He was the Vice President of the corporate sales department of Sun Hung Kai Financial Group from August 2006 to November 2008. From February 2009 to August 2012, he was a sales manager of a private trading company. After which, Mr. Kwan has been operating a tailor business since August 2012. Mr. Kwan obtained his Bachelor of Arts Degree in Economics from York University, Ontario, Canada.

Senior Management

Mr. Wong Tin King, Richard（黃天競先生）, *CPA, FCA* aged 37, has been appointed as the chief financial officer and the company secretary of the Company on 24 June 2011. He graduated from The Hong Kong Polytechnic University with a bachelor's degree in accountancy in 2000. Mr. Wong has over 10 years of accounting experience accumulated from working for various professional accounting firms from 2000 to 2010. Mr. Wong is responsible for the accounting and financial functions of the Company, including developing financial strategy to support the Company's growth plan. Mr. Wong is currently a fellow member of The Institute of Chartered Accountants in England and Wales and an associate member of Hong Kong Institute of Certified Public Accountants.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group follows a business philosophy of offering high quality cuisine at highly affordable prices. It is committed to providing memorable dining experiences to its customers by delivering deliciously prepared food, outstanding menu choices and a tastefully designed dining environment. As at 31 December 2014, we are operating nine restaurants under three brands and their performances are outlined below.

Red Seasons

Red Seasons targets customers desiring quality food and special Chinese cuisine at competitive prices. Many customers have found the allure of Red Seasons irresistible, thanks in large measure to the signature dish, roast suckling pig. During the year under review, the turnover from the Red Seasons restaurants increased by around 14% to approximately HK$236,898,000 as compared to the previous year. This is mainly attributable to Sai Wan Red Seasons, which operated a full year in 2014 instead of three months in 2013. Excluding the effect of Sai Wan Red Seasons, the turnover increased by 5% approximately.

Plentiful Delight Banquet

The second brand established by the Group, Plentiful Delight Banquet, serves Cantonese dim sum and fresh seafood delicacies that are not commonly found in other restaurants. Offering banquet facilities with a seating capacity of 100 banquet tables, Plentiful Delight Banquet is ideal for large-scale events up to 1,200 guests on a single occasion. During the year under review, Plentiful Delight Banquet recorded revenue of approximately HK$89,856,000, which was similar to last year (2013: HK$89,147,000).

Red Royalty

Red Royalty provides premium and deluxe Chinese banquet and dining services in a formal, grand environment decorated with contemporary, stylish and elegant items. Red Royalty's scale of operations is the largest within the Group's existing restaurants with a seating capacity of 120 banquet tables and can serve up to 1,400 guests on a single occasion. During the year ended 31 December 2014, Red Royalty generated revenue of approximately HK$66,691,000. Turnover from banquet and dining services generated by Plentiful Delight Banquet and Red Royalty decreased slightly by approximately 5% as compared to last year.

Home-made Cuisine

During the year ended 31 December 2014, Home-made Cuisine generated turnover of approximately HK$11,770,000.

Encouraged by the huge success of the Roast Suckling Pig and the irresistible Siu Mei dishes, Red Seasons becomes the flagship brand. The management decided to focus on developing the Red Seasons brand. Accordingly, the Olympian City store was revamped into Red Seasons and a one-time written down of property, plant and equipment of approximately HK$1,705,000 was recognised. During the year, the Group also ceased the ownership of Wan Chai Home-made Cuisine.

The Group will consider opening new Home-made Cuisine restaurant in suitable locations with continuous and steady flow of potential customers and good business potential.

Food products operation

The food products operation represents the production, sales and distribution of food products, such as barbecued food and Taiwanese Lou Mei, to over 70 concessionaire stores in major supermarket chains in Hong Kong. These food products are mainly prepared in its food processing factory located at Tsuen Wan.

During the year ended 31 December 2014, the food products operation generated turnover of approximately HK$59,709,000.

Securities Investment Business

During the year, the Group recorded a realized gain of approximately HK$1,193,000 and an unrealized gain of approximately HK$93,351,000 in its investment in the shares of a listed company during the year. The listed securities held by the Group as at 31 December 2014 were valued at approximately HK$99,712,000.

Financial Review

During the year ended 31 December 2014, the Group's revenue amounted to approximately HK$464,924,000, representing an increase of approximately 20% as compared to the last year. This was mainly attributable to the growth in comparable restaurant sales in certain shops, the contribution from the Sai Wan Red Seasons and the newly acquired food products operation.

Profit attributable to the owners of the Company rose to HK$81,626,000, a significant increase of 244% as compared to last year. Such increases were mainly attributable to the realized and unrealized gain from financial asset at fair value through profit or loss, amounting to HK$94,544,000.

After eliminating the effect of abovementioned gain from financial asset at fair value through profit or loss, the profit attributable to owners of the Company decreased by HK$21,076,000 to approximately HK$2,682,000. Such decreases were mainly from (i) the deteriorated restaurant operation results due to the increase in food, rental and staff costs; (ii) the negative effect of the Occupy Central movement, especially to the Group's Hong Kong Island Red Seasons; (iii) impairment loss on property, plant and equipment from the loss making Hong Kong Island Red Seasons; and (iv) one-time written-down arising from renovation of the Olympian City restaurant.

The cost of inventories consumed for the year ended 31 December 2014 amounted to approximately HK$151,504,000 (2013: HK$117,336,000). The cost of inventories consumed was approximately 33% of the Group's revenue during the year (2013: 30%). The Group will increase bulk purchases of food raw materials from suppliers in order to enjoy a larger discount and achieved optimum food mixing.

Employee benefits expenses were approximately HK$151,652,000 (2013: HK$118,719,000). The increase was mainly due to the full year operating Sai Wan Red Seasons, the newly acquired food products operation and the wage adjustments to retain experienced staff under the inflationary environment during the year under review. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

The operating lease rental and related expenses for the year ended 31 December 2014 amounted to approximately HK$46,105,000, representing an increase of around 6% as compared to last year. The increase was mainly due to the full year operating Sai Wan Red Seasons and the newly acquired food products operation. To better manage the lease and related expenses, the Group has entered into long-term lease agreements to maintain the rentals at a reasonable level.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook and prospects

Looking ahead, the management takes a cautious view for 2015. Given the uncertainties in the global economy, the weakening consumer sentiment and deteriorating political polarization in Hong Kong, the management anticipates the retail environment will be very challenging.

The management is committed to bolster the customer base. As traditional Chinese restaurants require intensive initial capital expenditure and relatively large space for operation, the management adjusts its restaurant expansion strategy. The Group will focus on the establishment of smaller Chinese restaurants. The Group continues to search for suitable sites with high traffic flow and reasonable rentals for expansion. Meanwhile, the Group is also continuously developing appetising specialty dishes as well as providing better quality services to customers so as to solidify the Group's market position.

The Group is proactively monitoring the rising food costs, labour costs and rental expenses in order to raise the operational efficiencies.

The management will diversify the Company's existing business portfolio and broaden its source of income, especially in the PRC.

The management intends to enter the Chinese dessert market with a Hong Kong renowned dessert brand "發記甜品". The management believes that the business acquisition will enhance and enrich the Group's business scope and product line, and thus bring an additional stream of income to the Group. It will also help the Group to explore the opportunities for further development of the Group's catering business in the PRC, which will ultimately enhance the awareness and reputation of the Group's brand in the PRC.

Liquidity, Financial and Capital Resources

Capital structure

As at 31 December 2014, the share capital and equity attributable to owners of the Company amounted to approximately HK$3,200,000 and HK$204,611,000 respectively (2013: HK$3,200,000 and HK$124,411,000 respectively). Details of the capital risk management are set out in the Note 5 to the consolidated financial statements.

Cash position

As at 31 December 2014, the carrying amount of the Group's unpledged bank balances and cash was approximately HK$69,300,000 (2013: approximately HK$65,612,000), representing an increase of approximately 6% as compared to that as at 31 December 2013.

The pledged bank deposits of approximately HK$1,500,000 as at 31 December 2013 and HK$5,005,000 as at 31 December 2014 were pledged to banks for the banking facilities of the Group.

Bank borrowings and charges on the Group's assets

Details of bank borrowings and charges on the Group's assets as at 31 December 2014 are set out in Note 23 to the consolidated financial statements.

Gearing ratio

The gearing ratio is calculated as net debt (secured bank borrowings less pledged bank deposits and bank balances and cash) divided by the total of net debt and total equity. Gearing ratios are not applicable to the Group as at 31 December 2013 and 2014 as the Group's bank balances and cash are more than its secured bank borrowings.

Exchange Rate Exposure

Since Hong Kong dollars and Renminbi are the main currencies of the Group to carry out its business transactions, the Group is not exposed to significant foreign exchange exposure.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

Save as (i) the acquisition of 58% equity interests of Nicecity and Excellent Catering; (ii) the proposed acquisition of the entire issued share capital of Brilliant forever Limited; and (iii) the disposal of the entire equity interests in Home-made Cuisine Catering Limited as disclosed elsewhere in this Annual Report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2014. Save as disclosed elsewhere in this Annual Report, there is no plan for material investments or capital assets as at 31 December 2014.

Contingent Liabilities

Save as disclosed elsewhere in this Annual Report, the Group had no material contingent liabilities as at 31 December 2014 (2013: nil).

Capital Commitments

Details of capital commitments of the Group as at 31 December 2014 are set out in Note 29 to the consolidated financial statements.

Employees and Emolument Policies

The Group had 791 employees (including Directors) as at 31 December 2014 (2013: 749). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board. In addition, the Group adopted a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

DIRECTORS' REPORT

The Board is pleased to present their Annual Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

Principal Activities

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 10 February 2011.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 36 to the consolidated financial statements. The Group is principally engaged in (i) the operation of a chain of Chinese restaurants in Hong Kong; (ii) productions, sales and distribution of food products to supermarket chains in Hong Kong; and (iii) investments in equity securities.

Segmental Information

Details of segment information of the Group for the year ended 31 December 2014 are set out in Note 7 to the consolidated financial statements.

Results and Dividend

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 37 to 113.

During the year ended 31 December 2014, no interim dividend (2013: HK$0.3125 cents per share) was declared and paid.

During the year ended 31 December 2014, there was no arrangement under which any shareholder waived or agreed to waive any dividend.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2014. Further details of dividend are set out in Note 13 to the consolidated financial statements.

DIRECTORS' REPORT

Annual General Meeting

The 2015 annual general meeting (the "2015 AGM") will be held on Friday, 22 May 2015. A circular containing the details of 2015 AGM and the notice of 2015 AGM and form of proxy accompanying thereto will soon be despatched to shareholders.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in Note 35 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

Distributable Reserves

At 31 December 2014, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$79,101,000. The amount of HK$79,101,000 includes the Company's share premium, capital reserve and retained earnings which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

Interest Capitalised

No interest was capitalised by the Group during the year ended 31 December 2014.

DIRECTORS' REPORT

Summary of Financial Information

A summary of the published results and assets, liabilities and minority interests of the Group, as extracted from the consolidated financial statements, is set out on page 114 of this Annual Report. This summary does not form part of the audited consolidated financial statements.

Share Capital

Details of the Company's share capital and movements during the year are set out in Note 26 to the consolidated financial statements.

Pre-emptive Rights

There are no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Major Customers and Suppliers

Due to the nature of the Group's business, the majority of its customers consist of walk-in customers. As such, the Directors consider that it is not practicable to identify the five largest customers of the Group. The information in respect of the Group's purchases attributable to the major suppliers during the year is as follows:

	Percentage of the Group's total purchases
The largest supplier	6%
Five largest suppliers in aggregate	22%

Save for the purchases from Wong Yuen Hing Fresh Food Company Limited (which is owned as to 50% by Mr. Wong KM and 50% by Ms. Lau LY), none of the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the major suppliers disclosed above.

DIRECTORS' REPORT

Directors

The Directors during the year and up to the date of this Annual Report are as follows:

Executive Directors

Mr. WONG KM *(Chairman)*
Ms. LAU LY *(Chief executive officer)*

Independent Non-Executive Directors

Mr. LI Fu Yeung
Ms. CHIU Man Yee
Mr. KWAN Wai Yin, William

According to article 83 of the Company's articles of association, a Director appointed to either to fill a casual vacancy or as an addition to the Board shall hold office until the next following annual general meeting. Pursuant to article 84 of the Company's articles of association, one-third of the Directors shall retire from office by rotation. A retiring Director is eligible for re-election. Particulars of Directors seeking for re-election at the forthcoming annual general meeting are set out in the related circular to shareholders.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 6 and 7 of this Annual Report.

Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company pursuant to which he or she has agreed to act as an executive Director for a fixed term of one year with effect from 8 July 2011 (the "Listing Date") and will not receive any remuneration for holding his or her office as an executive Director. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless either party has given at least one month's written notice of non-renewal before the expiry of the then existing term.

The Company has issued an appointment letter to each of the independent non-executive Directors for a fixed term of one year commencing from the Listing Date (except for Mr. Kwan Wai Yin, William whose term commenced from 2 September 2013). The appointment can be terminated by either the Company or the independent non-executive Director giving to the other party not less than one month's prior written notice. The Company and the independent non-executive Director shall discuss whether to renew the term of appointment of the independent non-executive Director prior to the expiration of the relevant term of appointment. If either party disagrees with the renewal of the term of appointment of the independent non-executive Director, such party shall notify the other party in writing at least two months prior to the expiration of the relevant term of appointment. Subject to the consent of both parties, the term of appointment of the independent non-executive Director may be renewed automatically for one year on expiry of the initial term and for successive terms of one year each commencing on expiry of the then current term.

Save as disclosed above, none of the Directors being proposed for re-election at the 2015 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Independence Confirmation

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors is independent.

Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 12 to the consolidated financial statements.

Management Contracts

As at 31 December 2014, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

Emolument Policy

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors and senior management are reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in Note 27 to the consolidated financial statements.

Retirement Benefit Scheme

Details of the retirement benefit scheme of the Group are set out in Note 30 to the consolidated financial statements.

Share Option Scheme

The Company's existing share option scheme (the "Share Option Scheme") was approved for adoption on 9 December 2011 and valid for the next ten years.

The Company had not granted any option under the Share Option Scheme since its adoption.

As at 31 December 2014, the Company had not granted any right to subscribe for equity or debt securities of the Company to any Directors or chief executive of the Company or their spouse or children under 18 years of age.

Directors' Interests in Contract

Saved as disclosed under the section "Connected Transactions" below, no contract of significance to which the Company, or any of its holding company or subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

None of the Directors, their respective associates and the substantial shareholders was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the year or at 31 December 2014.

Non-Competition Undertaking

Each of Mr. Wong KM and Ms. Lau LY as covenantor (each a "Covenantor", collectively, "Covenantors") entered into a deed of non-competition dated 25 June 2011 in favour of the Company and its subsidiaries (the "Deed of Non-competition").

The Company has received from each of the Covenantors an annual confirmation on the compliance of the non-competition undertaking under the Deed of Non-competition (the "Undertaking"). The independent non-executive Directors have reviewed the compliance of the Undertaking from the Covenantors and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that the Covenantors have complied with the Undertaking.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations

As at 31 December 2014, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in the Company

Name of Directors	Capacity/Nature of interest	Total number of ordinary shares	Approximate percentage of interest
Mr. Wong KM *(Note)*	Interest in controlled corporation	1,665,208,000	52%
Ms. Lau LY *(Note)*	Interest in controlled corporation	1,665,208,000	52%

Note:

1,415,208,000 and 250,000,000 shares are owned by KMW Investments Limited ("KMW") and Strong Light Investments Limited respectively. KMW and Strong Light Investments Limited are companies incorporated in the British Virgin Islands and Hong Kong respectively. The entire issued share capital of KMW and Strong Light Investments Limited are beneficially owned as to 50% by Mr. Wong KM and 50% by Ms. Lau LY.

Saved as disclosed above, as at 31 December 2014, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Directors' Rights to Acquire Shares or Debentures

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, at no time during the year ended 31 December 2014 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as the Directors are aware, as at 31 December 2014, other than the Directors or chief executive of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, the following person has an interest or short position in the shares or underlying shares of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Long Positions in Shares and Underlying Shares of the Company

Name	**Capacity/Nature of interest**	**Total number of ordinary shares**	**Approximate percentage of interest**
KMW *(Note)*	Beneficial owner	1,415,208,000	44%
Strong Light Investments Limited *(Note)*	Beneficial owner	250,000,000	8%

Note:

1,415,208,000 and 250,000,000 shares are owned by KMW and Strong Light Investments Limited respectively. KMW and Strong Light Investments Limited are companies incorporated in the British Virgin Islands and Hong Kong respectively. The entire issued share capital of KMW and Strong Light Investments Limited are beneficially owned as to 50% by Mr. Wong KM and 50% by Ms. Lau LY.

Saved as disclosed above, as at 31 December 2014, the Directors were not aware of any other person (other than the Directors or chief executive as disclosed in the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Purchase, Sale or Redemption of the Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares during the year ended 31 December 2014.

Connected Transactions

Significant related party transactions entered into by the Group during the year ended 31 December 2014 are disclosed in Note 31 to the consolidated financial statements. Certain transactions also constitute connected transactions under the GEM Listing Rules, as identified below.

Non-exempt Continuing Connected Transactions

A. Continuing connected transaction subject to reporting, annual review and announcement requirements

Shatin Lease Agreement

Pursuant to a lease entered into between Red Seasons Corporation Limited ("RS Corporation"), an indirectly wholly owned subsidiary, and U Investments Limited ("U Investments") on 1 January 2010 (the "Shatin Lease Agreement"), RS Corporation had agreed to lease from U Investments premises situated at Shop No. 33, Level 1 and Level 2, Garden Rivera, Nos. 20-30 Tai Chung Kiu Road, Shatin, New Territories, Hong Kong and a covered carparking space (the "Shatin Property") at a monthly rent of HK$250,000 for the period from 1 January 2010 to 31 December 2014. The Shatin Property has been used by RS Corporation as the restaurant premises of Shatin Red Seasons.

U Investments is principally engaged in property investment in Hong Kong. Mr. Wong KM and Ms. Lau LY, both being Directors and Controlling Shareholders, are connected persons of the Company under the GEM Listing Rules. As each of Mr. Wong KM and Ms. Lau LY holds as to 50% of the issued share capital of U Investments, U Investments is an associate of each of Mr. Wong KM and Ms. Lau LY, and is a connected person of the Company. Therefore, the Shatin Lease Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

The annual cap for the rent payable by RS Corporation to U Investments for the Shatin Property for each of the three years ended 31 December 2013 was HK$3,000,000.

As the waiver from the announcement requirement of Chapter 20 of the GEM Listing Rules for the three years ended 31 December 2013 is expired, the Company recompiled with all the applicable requirements under Chapter 20 of the GEM Listing Rules. Details are set out in the announcement of the Company dated 27 December 2013.

The annual cap for the rent payable by RS Corporation to U Investments for the Shatin Property for the year ended 31 December 2014 was HK$3,000,000.

During the year ended 31 December 2014, the aggregate rent paid by RS Corporation to U Investments for the Shatin Property amounted to HK$3,000,000.

The Shatin Lease Agreement has been renewed on 12 December 2014. The annual cap for the rent payable by RS Corporation to U Investments for the Shatin Property for each of the three years ending 31 December 2017 was HK$4,200,000. Further details of this continuing connected transaction are set out in the announcement of the Company dated 12 December 2014.

Red Royalty Lease Agreement

Pursuant to a lease entered into between Gayety Limited ("Gayety"), an indirectly wholly owned subsidiary, and Goldex Management Limited ("Goldex") on 25 November 2011 (the "Red Royalty Lease Agreement"), Gayety had agreed to lease from Goldex premises situated at First Floor Commercial Unit plus carparking space Nos. L5 on Ground Floor and 97, 98, 99 & 100 on First Floor, Manhattan Plaza, No. 23 Sai Ching Street, Yuen Long, New Territories, Hong Kong (the "Red Royalty Property") at a monthly rent of HK$580,000 for the period from 1 January 2012 to 31 December 2016. The lease term could be commenced earlier subject to the consent from both Gayety and Goldex. The Red Royalty Property has been used by Gayety as the restaurant premises of Red Royalty.

Goldex is principally engaged in property investment in Hong Kong. Mr. Wong KM and Ms. Lau LY, both the Directors and Controlling Shareholders, are connected persons of the Company under the GEM Listing Rules. As each of Mr. Wong KM and Ms. Lau LY holds to 50% of the issued share capital of Goldex, Goldex is an associate of each of Mr. Wong KM and Ms. Lau LY and is a connected person of the Company. Therefore, the Red Royalty Lease Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

The annual cap for the rent payable by Gayety to Goldex for the Red Royalty Property for each of the five years ending 31 December 2016 was HK$6,960,000.

During the year ended 31 December 2014, the aggregate rent paid by Gayety to Goldex for the Red Royalty Property was approximately HK$6,960,000.

B. Continuing connected transactions subject to reporting, annual review, announcement and independent shareholders' approval requirements

A renewed pork supply and purchase agreement (the "Renewed Pork Supply Agreement") was entered into between Wong Yuen Hing Fresh Food Company Limited ("Wong Yuen Hing") and the Company on 27 December 2013, pursuant to which Wong Yuen Hing had agreed to sell to the Company (or any of its subsidiaries as directed by the Company) pork during the term of the Renewed Pork Supply Agreement on terms no less favourable than those offered by Wong Yuen Hing to other independent third parties. The purchase price, the quantity and specifications of the pork concerned, the time and place of delivery and other relevant matters will be negotiated by the parties with reference to the then prevailing market prices of pork in good faith. The purchase price and the other payment terms for pork will be set out in the relevant purchase orders to be placed under the Renewed Pork Supply Agreement. Such price, however, shall not be higher than the average price at which Wong Yuen Hing charges other independent third parties for the same kind of product during that month on normal commercial terms in its ordinary and usual course of business.

A renewed wine supply and purchase agreement (the "Renewed Wine Supply Agreement") was entered into between U Cellar Limited ("U Cellar") and the Company on 27 December 2013, pursuant to which U Cellar had agreed to sell to the Company (or any of its subsidiaries as directed by the Company) wine during the term of the Renewed Wine Supply Agreement on terms no less favourable than those offered by U Cellar to other independent third parties. The purchase price, the quantity and specifications of the wine concerned, the time and place of delivery and other relevant matters will be negotiated by the parties with reference to the then prevailing market prices of wine in good faith. The purchase price and the other payment terms for the wine will be set out in the relevant purchase orders to be placed under the Renewed Wine Supply Agreement. Such price, however, shall not be higher than the average price at which U Cellar charges other independent third parties for the same kind of product during that month on normal commercial terms in its ordinary and usual course of business.

Wong Yuen Hing is principally engaged in the wholesale and retail of pork in Hong Kong. U Cellar is principally engaged in the business of supply and retail of wine in Hong Kong. Mr. Wong KM and Ms. Lau LY, both the Directors and Controlling Shareholders, are connected persons of the Company under the GEM Listing Rules. As each of Mr. Wong KM and Ms. Lau LY holds as to 50% of the issued share capital of Wong Yuen Hing, Wong Yuen Hing is an associate of each of Mr. Wong KM and Ms. Lau LY, and is a connected person of the Company. As Ms. Wong Tai Ying, the daughter of Mr. Wong KM and Ms. Lau LY, owns 100% interest in U Cellar, U Cellar is an associate of Mr. Wong KM and Ms. Lau LY and is a connected person of the Company. Therefore, the transactions contemplated under the Renewed Pork Supply Agreement and the Renewed Wine Supply Agreement constitute continuing connected transactions of the Company under the GEM Listing Rules.

The term of each of the Renewed Pork Supply Agreement and the Renewed Wine Supply Agreement is from 1 January 2014 to 31 December 2016. The annual cap for the amount payable by the Group to Wong Yuen Hing for the purchase of pork under the Renewed Pork Supply Agreement for each of the three years ending 31 December 2016 was HK$8,000,000, HK$8,500,000 and HK$9,000,000, respectively. The annual cap for the amount payable by the Group to U Cellar for the purchase of wine under the Renewed Wine Supply Agreement for each of the three years ending 31 December 2016 was HK$450,000, HK$475,000 and HK$500,000 respectively.

During the year ended 31 December 2014, the aggregate amounts paid by the Group to Wong Yuen Hing for the purchase of pork under the Renewed Pork Supply Agreement and U Cellar for the purchase of wine under the Renewed Wine Supply Agreement were approximately HK$7,373,000 and HK$35,000 respectively.

Pursuant to Rule 20.37 of the GEM Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions for the year ended 31 December 2014 and confirmed that the continuing connected transactions were entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or on terms no less favourable to the Group than terms available from independent third parties; and

(3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has also engaged the auditor of the Company to report on the continuing connected transactions pursuant to Rule 20.39 of the GEM Listing Rules and the Board has received a letter from the auditor of the Company with the following conclusions:

(1) nothing has come to the auditor's attention that causes them to believe that the continuing connected transactions have not been approved by the Board;

(2) nothing has come to the auditor's attention that causes them to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(3) nothing has come to the auditor's attention that causes them to believe that the continuing connected transactions have exceeded the respective maximum aggregate annual value as set by the Company.

Events after the Reporting Period

Details of events after the reporting period are set out in Note 37 to the consolidated financial statements. Save as disclosed elsewhere in this Annual Report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2014 and up to the date of approval of this Annual Report.

Code of Conduct for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the year under review. The Company was not aware of any non-compliance during the year ended 31 December 2014.

Corporate Governance

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" section of this Annual Report.

Sufficiency of Public Float

As at the date of this Annual Report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

Audit Committee

The Company established an audit committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the audit committee was adopted in compliance with paragraph C3.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of the Company. As at 31 December 2014, the audit committee of the Company consists of three members, namely Mr. Li Fu Yeung, Ms. Chiu Man Yee and Mr. Kwan Wai Yin, William. Mr. Li Fu Yeung is the chairman of the audit committee.

During the year, the Audit Committee performed duties including reviewing the Group's financial statements, audit findings, external auditor's independence and the Group's accounting principles and practices.

The Group's annual results for the year ended 31 December 2014 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 December 2014 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

Auditors

PricewaterhouseCoopers was the reporting accountants of the Company for the purpose of the listing of the Company's shares on the GEM of the Stock Exchange. PricewaterhouseCoopers resigned as auditors of the Company on 21 October 2011 and had not commenced any audit work on the consolidated financial statements of the Company for the year ended 31 December 2011.

SHINEWING (HK) CPA Limited ("SHINEWING") was appointed as auditors of the Company on 21 October 2011 and the consolidated financial statements for each of the four years ended 31 December 2014 were audited by SHINEWING. A resolution for the re-appointment of SHINEWING as auditors of the Company will be proposed at the 2015 AGM.

By order of the Board
Gayety Holdings Limited
Wong Kwan Mo
Chairman and executive Director

Hong Kong, 30 March 2015

CORPORATE GOVERNANCE REPORT

The Board has adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (the "CG Code") under Appendix 15 of the GEM Listing Rules. For the year ended 31 December 2014, the Company has fully complied with all applicable provisions of the CG Code.

The Company will continue to enhance its corporate governance appropriate to the conduct and growth of its business and to review its corporate governance from time to time to ensure they comply with the statutory and the CG Code and align with the latest developments.

Board of Directors

Board Composition

The Board of the Company currently comprises five members, of which two are executive Directors namely Mr. Wong KM (Chairman) and Ms. Lau LY (Chief executive officer ("CEO")) and three are independent non-executive Directors namely Mr. Li Fu Yeung, Ms. Chiu Man Yee and Mr. Kwan Wai Yin, William. Each of the Directors' respective biographical details is set out in the section headed "Biographical Details of the Directors and Senior Management" of this Annual Report.

The Board included three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise during the year ended 31 December 2014. None of the members of the Board is related to one another except Mr. Wong KM is a spouse of Ms. Lau LY.

Chairman and CEO

The roles of the Chairman and CEO are segregated and are held by Mr. Wong KM and Ms. Lau LY respectively to ensure their respective independence, accountability and responsibility. The Chairman is responsible for the Group's strategic planning and the management of the operations of the Board, while the CEO takes the lead in the Group's operations and business development. There is a clear division of responsibilities between the Chairman and CEO of the Company which provides a balance of power and authority.

Independent non-executive Directors

The independent non-executive Directors are appointed for a fixed term of one year commencing from 8 July 2011, the Listing Date (except for Mr. Kwan Wai Yin, William whose term commenced from 2 September 2013). The appointment can be terminated by either the Company or the independent non-executive Director giving to the other party not less than one month's prior written notice. The Company and the independent non-executive Director shall discuss whether to renew the term of appointment of the independent non-executive Director prior to the expiration of the relevant term of appointment. If either party disagrees with the renewal of the term of appointment of the independent non-executive Director, such party shall notify the other party in writing at least two months prior to the expiration of the relevant term of appointment. Subject to the consent of both parties, the term of appointment of the independent non-executive Director may be renewed automatically for one year on expiry of the initial term and for successive terms of one year each commencing on expiry of the then current term. Also, the independent non-executive Directors are subject to re-election on retirement by rotation at the annual general meeting in accordance with the Company's articles of association.

The Company has received written annual confirmation from each independent non-executive Director of his/ her independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the year ended 31 December 2014.

Role and Function of the Board

The Board is responsible for overall management of the Company's business, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

Delegation by the Board

The Board reserves for its decisions on all major matters of the Company, including the approval and monitoring of major policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and senior management. The delegated functions and work tasks are reviewed from time to time. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board.

Board Diversity Policy

The Company has adopted a board diversity policy (the "Board Diversity Policy") in 2013 setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

Professional Development of the Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to the newly appointed Directors before their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on Directors' training. During the year ended 31 December 2014, all Directors have participated in continuous professional development by attending seminars/ in-house briefing/ reading materials to develop and refresh their knowledge and skills and provided a record of training to the Company. These covered a broad range of topics including Directors' duties, corporate governance and recent updates on the GEM Listing Rules.

Name of Directors	Attended Seminars or Briefing/Read Materials
Executive Directors	
Mr. Wong KM	✓
Ms. Lau LY	✓
Independent non-executive Directors	
Mr. Li Fu Yeung	✓
Ms. Chiu Man Yee	✓
Mr. Kwan Wai Yin, William	✓

Board Meetings

Notice of at least 14 days have been given to all Directors for all regular Board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the meeting. Draft minutes of all Board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

Minutes of Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

Number of Meetings and Attendance Records

During the year ended 31 December 2014, 15 Board meetings were held, out of which 4 were regular Board meetings for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. The attendance records of each Director at the Board meetings and Board Committees' Meetings are set out in the table below:

	Meetings attended/Eligible to attend				
Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	AGM held on 16 May 2014
Executive Directors					
Mr. Wong KM	15/15	–	–	–	1/1
Ms. Lau LY	15/15	–	–	–	1/1
Independent non-executive Directors					
Mr. Li Fu Yeung	13/15	4/4	2/2	1/1	1/1
Ms. Chiu Man Yee	13/15	4/4	2/2	1/1	1/1
Mr. Kwan Wai Yin, William	13/15	4/4	2/2	1/1	1/1

Board Committee

Audit Committee

The Company established an audit committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of the audit committee was adopted in compliance with paragraph C3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference setting out the audit committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the audit committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, and oversee internal control procedures of the Company.

As at 31 December 2014, the audit committee of the Company consists of three independent non-executive Directors, namely Mr. Li Fu Yeung, Ms. Chiu Man Yee and Mr. Kwan Wai Yin, William. Mr. Li Fu Yeung is the chairman of the audit committee. During the year ended 31 December 2014, 4 meetings of audit committee were held for, inter alia, reviewing the Group's quarterly, interim results and annual results, the financial reporting and compliance procedures and considering the re-election of auditors of the Company and a continuing connected transaction.

Remuneration Committee

The Company established a remuneration committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with paragraph B1.2 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference setting out the remuneration committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review performance based remuneration; and ensure none of the Directors determine their own remuneration. The remuneration committee of the Company has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

As at 31 December 2014, the remuneration committee consists of three independent non-executive Directors, namely Ms. Chiu Man Yee, Mr. Li Fu Yeung and Mr. Kwan Wai Yin, William. Ms. Chiu Man Yee is the chairman of the remuneration committee. Details of the remuneration of Directors are set out in Note 12 to the consolidated financial statements. During the year ended 31 December 2014, 2 meetings of remuneration committee were held for, inter alia, reviewing the remuneration policy and structure and determining the annual remuneration packages of the Directors and the senior management.

Nomination Committee

The Company established a nomination committee by the Board at the Board meeting held on 23 March 2012 with written terms of reference in compliance with paragraph A5.2 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 22 October 2013, the Board adopted a set of the revised terms of reference of the nomination committee of the Company in line with the GEM Listing Rules requirement in relation to board diversity effective from 1 September 2013. The revised terms of reference setting out the nomination committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the nomination committee are to make recommendations to the Board on nomination and appointment of Directors and Board succession, with a view to appoint to the Board individuals with suitable experience and capabilities to maintain and improve the competitiveness of the Company.

Before the nomination committee was established, all Directors are responsible for making recommendations to the Board on nomination and appointment of Directors and Board succession, with a view to appoint to the Board individuals with suitable experience and capabilities to maintain and improve the competitiveness of the Company. Where vacancies on the Board exist, the nomination committee (or the Board before the nomination committee was established) will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an independent non-executive director, the Company's needs and other relevant statutory requirements and regulations. During the year under review, there was no new director being appointed.

As at 31 December 2014, the nomination committee consists of three independent non-executive Directors, namely Ms. Chiu Man Yee, Mr. Li Fu Yeung and Mr. Kwan Wai Yin, William. Mr. Li Fu Yeung is the chairman of the nomination committee. During the year ended 31 December 2014, 1 meeting of nomination committee were held for, inter alia, considering the retirement and re-election of the Directors. The nomination committee has also reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group has achieved the effectiveness of the Board Diversity Policy during the year ended 31 December 2014.

Corporate Governance Function

All members of the Board are responsible for performing the corporate governance functions. The terms of reference of corporate governance functions was adopted by the Board at the Board meeting held on 23 March 2012 and is in compliance with paragraph D3.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. During the year ended 31 December 2014, the Board has reviewed the policy of the corporate governance and the corporate governance report of the Company.

Directors' Securities Transactions

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions of the Company. Upon the Company's specific enquiry, each Director had confirmed that during the year ended 31 December 2014, they had fully complied with the required standard of dealings and there was no event of non-compliance.

Auditor's Remuneration

During the year ended 31 December 2014, the fees paid/payable to SHINEWING (HK) CPA Limited, the auditor of the Company, and its affiliate companies in respect of audit and non-audit services provided by them to the Group were as follows:

Service rendered	**Fees paid/ payable** *HK$*
Audit services	980,000
Non-audit services:	
Other services	420,000
Total	1,400,000

Internal Controls

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

The Board is committed to implementing an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to executive management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards. In preparing the consolidated financial statements, the generally accepted accounting standards in Hong Kong have adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

The statement of external auditor of the Company, SHINEWING (HK) CPA Limited, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report.

Investor Relations and Communication

The Board recognises the importance of good communications with all shareholders. The Company encourages two-way communications with both its institutional and private investors. A Shareholder's Communication Policy was adopted by the Board at the Board meeting held on 23 March 2012 aiming at providing the shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. Extensive information about the Company's activities is provided in its interim report, quarterly reports and this Annual Report, which are sent to shareholders of the Company. The annual general meeting provides a valuable forum for direct communication between the Board and the Company's shareholders. The Chairman of the Board as well as Chairmen of the Board Committees together with the auditor will present to answer shareholders' questions. The circulars of the annual general meeting are distributed to all shareholders at least 21 clear days before the meeting. Separate resolutions are proposed at general meetings on each separate issue and voting of which are taken by poll pursuant to the GEM Listing Rules. Any results of the poll are published on both the GEM website and the Company's website. All corporate communication with shareholders will be posted on the Company's website for shareholders' information.

The 2014 AGM was held on 16 May 2014. The whole Board of Directors and auditor of the Company have attended the 2014 AGM to answer questions of the shareholders.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's head office.

Company Secretary

The company secretary, Mr. Wong Tin King, Richard, was appointed on 24 June 2011. He is responsible for facilitating the Board meeting process, as well as communications among Board members, with shareholders and management. Mr. Wong's biography is set out in the "Biographical Details of the Directors and Senior Management" section. During the year ended 31 December 2014, Mr. Wong undertook not less than 15 hours of professional training to update his skills and knowledge.

Shareholders' Right

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the article of association of the Company, an extraordinary general meeting may be convened by the Board upon requisition by any shareholder holding not less than one-tenth of the issued share capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary of the Company at the head office of the Company at Shop No. 46, Ground Floor, Ho Shun Tai Building, No. 10 Sai Ching Street, Yuen Long, New Territories, Hong Kong, specifying the shareholding information of the shareholder, his/ her contact details and the proposal regarding any specified transaction/ business and its supporting documents.

The Board shall arrange to hold such general meeting within two (2) months after the receipt of such written requisition. Pursuant to the article of association of the Company, the Company shall serve requisite notice of the general meeting, including the time, place of meeting and particulars of resolutions to be considered at the meeting and the general nature of the business.

If within twenty-one (21) days of the receipt of such written requisition, the Board fails to proceed to convene such extraordinary general meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward Proposals at a General Meeting

A shareholder shall make a written requisition to the Board or the Company Secretary of the Company at the head office of the Company at Shop No. 46, Ground Floor, Ho Shun Tai Building, No. 10 Sai Ching Street, Yuen Long, New Territories, Hong Kong, specifying the shareholding information of the shareholder, his/ her contact details and the proposal he/ she intends to put forward at general meeting regarding any specified transaction/ business and its supporting documents.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary of the Company at the head office of the Company at Shop No. 46, Ground Floor, Ho Shun Tai Building, No. 10 Sai Ching Street, Yuen Long, New Territories, Hong Kong, or send email to info@gayety.com.hk. Shareholders may also make enquiries with the Board at the general meetings of the Company.

Constitutional Documents

There are no significant changes in the Company's constitutional documents during the year ended 31 December 2014.

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF GAYETY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Gayety Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") (set out on pages 37 to 113), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Tang Kwan Lai
Practising Certificate Number: P05299

Hong Kong
30 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Revenue	7	**464,924**	386,262
Other income	8	**641**	782
Cost of inventories consumed		**(151,504)**	(117,336)
Employee benefits expenses	9	**(151,652)**	(118,719)
Depreciation		**(22,223)**	(18,912)
Operating lease rentals and related expenses		**(46,105)**	(43,453)
Utilities expenses		**(31,166)**	(27,366)
Other losses	9	**(5,978)**	(768)
Gain on disposal of financial asset at fair value through profit or loss	18	**1,193**	–
Gain on fair value change of financial asset at fair value through profit or loss		**93,351**	–
Other operating expenses		**(50,056)**	(31,355)
Share of loss of a joint venture		**(1)**	(4)
Finance costs	10	**(626)**	(264)
Profit before tax	9	**100,798**	28,867
Income tax expenses	11	**(20,160)**	(5,373)
Profit for the year		**80,638**	23,494

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2014

	NOTE	2014 HK$'000	2013 HK$'000
Other comprehensive expenses for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of a foreign operation		**(6)**	–
Total comprehensive income for the year		**80,632**	23,494
Profit for the year attributable to:			
Owners of the Company		**81,626**	23,758
Non-controlling interests		**(988)**	(264)
		80,638	23,494
Total comprehensive income attributable to:			
Owners of the Company		**81,620**	23,758
Non-controlling interests		**(988)**	(264)
		80,632	23,494
Earnings per share			
Basic and diluted (HK cents)	14	**2.55**	0.74

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	15	**54,139**	77,073
Goodwill	16	**6,186**	–
Interest in a joint venture	17	**–**	1
Rental deposits	20	**11,271**	10,876
Prepayment for acquisition of property, plant and equipment		**959**	157
Deferred tax assets	24	**2,889**	2,467
Pledged bank deposit	21	**1,500**	–
		76,944	90,574
Current assets			
Inventories	19	**8,119**	10,409
Trade receivables	20	**8,461**	1,582
Prepayments, deposits and other receivables	20	**18,937**	14,183
Income tax recoverable		**941**	750
Financial asset at fair value through profit or loss	18	**99,712**	–
Pledged bank deposits	21	**3,505**	1,500
Bank balances and cash	21	**69,300**	65,612
		208,975	94,036
Current liabilities			
Trade payables	22	**13,823**	10,973
Other payables, accruals and deposits received	22	**33,437**	37,392
Provision for reinstatement costs	25	**559**	–
Income tax payable		**435**	2,336
Secured bank borrowings	23	**13,122**	2,397
		61,376	53,098
Net current assets		**147,599**	40,938
Total assets less current liabilities		**224,543**	131,512
Non-current liabilities			
Provision for reinstatement costs	25	**3,320**	3,770
Deferred tax liabilities	24	**15,445**	369
		18,765	4,139
		205,778	127,373

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2014

	NOTE	**2014** **HK$'000**	2013 HK$'000
Capital and Reserves			
Share capital	*26*	**3,200**	3,200
Reserves		**201,411**	121,211
Equity attributable to owners of the Company		**204,611**	124,411
Non-controlling interests		**1,167**	2,962
		205,778	127,373

The consolidated financial statements on pages 37 to 113 were approved and authorised for issue by the board of directors on 30 March 2015 and are signed on its behalf by:

WONG KWAN MO
Director

LAU LAN YING
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (note i)	Other reserve HK$'000 (note ii)	Foreign currency translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	3,200	65,421	106	–	–	41,478	110,205	2,857	113,062
Profit for the year and total comprehensive income for the year	–	–	–	–	–	23,758	23,758	(264)	23,494
Capital contribution from non-controlling interest	–	–	–	420	–	–	420	1,097	1,517
Acquisition of non-controlling interests *(Note 34)*	–	–	–	28	–	–	28	(728)	(700)
Dividend *(Note 13)*	–	–	–	–	–	(10,000)	(10,000)	–	(10,000)
At 31 December 2013	3,200	65,421	106	448	–	55,236	124,411	2,962	127,373
At 1 January 2014	3,200	65,421	106	448	–	55,236	124,411	2,962	127,373
Profit for the year	–	–	–	–	–	81,626	81,626	(988)	80,638
Other comprehensive expenses for the year									
Exchange differences arising on translation of a foreign operation	–	–	–	–	(6)	–	(6)	–	(6)
Total comprehensive (expense) income for the year	–	–	–	–	(6)	81,626	81,620	(988)	80,632
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	637	637
Acquisition of non-controlling interest *(Note 34)*	–	–	–	(1,420)	–	–	(1,420)	1,220	(200)
Acquisition of subsidiaries *(Note 32)*	–	–	–	–	–	–	–	(1,764)	(1,764)
Dividend to non-controlling interest	–	–	–	–	–	–	–	(900)	(900)
At 31 December 2014	3,200	65,421	106	(972)	(6)	136,862	204,611	1,167	205,778

Note i: Capital reserve represents the difference between the aggregate amount of issued and fully paid share capital of the subsidiaries acquired by the Company and the nominal amount of the shares issued by the Company in exchange for the entire equity interests in the subsidiaries as part of the group reorganisation.

Note ii: Other reserve represents transactions with non-controlling interests and capital contributions from non-controlling interests.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	NOTES	**2014 HK$'000**	2013 HK$'000
OPERATING ACTIVITIES			
Profit before tax		**100,798**	28,867
Adjustments for:			
Gain on disposal of financial asset at fair value through profit or loss		**(1,193)**	–
Gain on fair value change of financial asset at fair value through profit or loss		**(93,351)**	–
Depreciation		**22,223**	18,912
Share of loss of a joint venture		**1**	4
Finance costs		**626**	264
Loss on disposal of a subsidiary		**237**	–
Loss on disposals/written-off of property, plant and equipment		**1,972**	768
Impairment loss of property, plant and equipment		**3,769**	–
Interest income		**(166)**	(572)
Operating cash flows before movements in working capital		**34,916**	48,243
Decrease (increase) in inventories		**2,289**	(3,406)
Decrease in trade receivables		**802**	73
Increase in prepayments, deposits and other receivables		**(2,746)**	(4,547)
Decrease in trade payables		**(5,578)**	(2,763)
(Decrease) increase in other payables, accruals and deposits received		**(6,313)**	721
Increase in financial asset at fair value through profit or loss		**(5,168)**	–
Cash generated from operations		**18,202**	38,321
Interest paid		**(430)**	(88)
Hong Kong Profits Tax paid		**(7,745)**	(7,502)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**10,027**	30,731
INVESTING ACTIVITIES			
Acquisition of subsidiaries	*32*	**(5,455)**	–
Disposal of a subsidiary	*33*	**228**	–
Purchases of property, plant and equipment		**(4,622)**	(28,091)
Prepayment for acquisition of property, plant and equipment		**(802)**	–
Repayment from a substantial shareholder		**–**	9,900
Interest received		**166**	1,140
Investment in a joint venture		**–**	(5)
Proceeds from disposals of property, plant and equipment		**80**	288
Placement of pledged bank deposits		**(2)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(10,407)**	(16,768)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2014

	2014 *HK$'000*	2013 *HK$'000*
FINANCING ACTIVITIES		
Repayment of secured bank borrowings	**(708)**	(256)
Dividend paid to non-controlling interests	**(900)**	–
Dividend	**–**	(10,000)
Capital contribution from non-controlling interests	**637**	1,517
Payments to acquire non-controlling interests	**(200)**	(700)
NET CASH USED IN FINANCING ACTIVITIES	**(1,171)**	(9,439)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(1,551)**	4,524
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**65,612**	61,088
Effect of foreign exchange rate changes	**(6)**	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**64,055**	65,612
Analysis of cash and cash equivalents at end of the year		
Bank balances and cash	**69,300**	65,612
Bank overdraft *(Note 23)*	**(5,245)**	–
	64,055	65,612

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Gayety Holdings Limited (the "Company") was incorporated in the Cayman Islands on 10 February 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 July 2011. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is Shop 46, G/F., Ho Shun Tai Building, No. 10 Sai Ching Street, Yuen Long, New Territories.

At the end of the reporting period and the date of these consolidated financial statements, the Company's immediate and ultimate holding company is KMW Investments Limited ("KMW"), a company incorporated in the British Virgin Islands ("BVI").

The Company's principal activity during the year was investment holding. The principal activities of its principal subsidiaries are set out in Note 36.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRS Interpretations Committee) ("HK(IFRIC)") – Int 21	Levies

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Amendments to HKFRS10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have be met, specifically, an entity is required to:

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

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

(iii) measure and evaluate performance of substantially all of its investments on a fair value basis.

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

As the Company is not an investment entity, the directors of the Company consider that the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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

The Group has applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;
- each key assumption on which management has based its determination of fair value less costs of disposal;
- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

For the year ended 31 December 2014, the recoverable amounts of the Group's impaired property, plant and equipment are determined based on their fair value less costs of disposed and the relevant disclosures are included in Note 15.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 introduce an exception to the requirements for the discontinuation of hedge accounting in HKAS 39 if specific conditions are met. The amendments to HKAS 39 state that the novation of a hedging instrument is not be considered an expiration or termination if the novation (a) is required by laws or regulations; (b) results in a central counterparty or an entity acting in a similar capacity becoming the new counterparty to each of the parties to the novated derivative and (c) does not result in changes to the terms of the original over-the-counter derivatives other than the changes directly attributable to the novation. For all other novations outside the scope of the exemption, an entity should assess if they meet the derecognition criteria and the conditions for continuation of hedge accounting.

As the Group does not have any derivatives that are subject to novation, the directors of the Company consider that the application of the amendments to HKAS 39 has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HK(IFRIC) – Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 *Levies* for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company consider that the application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

New and Revised Hong Kong Financial Reporting Standard

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendment to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

Annual Improvements to HKFRSs 2010-2012 Cycle

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

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

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

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

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

Annual Improvements to HKFRSs 2010-2012 Cycle (Continued)

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

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

Annual Improvements to HKFRSs 2011-2013 Cycle

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

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

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

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

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

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

Annual Improvements to HKFRSs 2012-2014 Cycle

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2012-2014 Cycle* will have a material effect on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments Recognition and Measurement* to be 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 reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 (2014) Financial Instruments (Continued)

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets and liabilities, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers

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. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations in the contract; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows 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.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or,

(b) when a high correlation between revenue and consumption of the economic benefits of the intangible asset could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Currently the Group uses the straight-line method for depreciation of its property, plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate of Joint Venture

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture only to the extent of the unrelated investors' interests in that joint venture.

The amendments to HKFRS 10 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

The directors of the Company do not anticipate that the application of the amendments to HKFRS 10 and HKAS 28 in the future will have a material impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of an interest in joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 16 Impairment of Assets regarding impairment testing of a CGU to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of the amendments to HKFRS 11 will have a material impact on the Group's consolidated financial

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries and joint ventures in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

(i) at cost;

(ii) in accordance with HKFRS 9 (or HKAS 39); or

(iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

The directors of the Company do not anticipate that the application of the amendments to HKAS 27 in the future will have a material impact on amounts reported in respect of the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the Standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in a joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

As the Company does not have any investments in investment entities, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Company's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met. Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

Control is achieved where the Group has (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations

Businesses combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Goodwill

Goodwill arising on a business combination is carried at cost less accumulated impairment losses, if any.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in a joint venture is accounted for in the consolidated financial statements using the equity method. Under the equity method, investment in a joint venture is initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of a joint venture is recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

If a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the joint venture's accounting policies conform to those of the Group when the joint venture's financial statements are used by the Group in applying the equity method.

After application of the equity method, including recognising the joint venture's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the joint venture. Any impairment loss recognised forms part of the carrying amount of the investment in the joint venture. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Gains and losses resulting from transactions between the Group and its joint venture are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. The Group's share in the joint venture's gains or losses resulting from these transactions is eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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

Revenue from restaurant operation is recognised when the catering services are rendered to customers. Receipts in respect of services that have not been rendered are deferred and recognised as deposits received in the consolidated statement of financial position.

Revenue from the production, sales and distribution of food products is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

Deposits received from customers prior to meeting the above criteria on revenue recognition are included in the consolidated statement of financial position under current liabilities.

Sub-letting income is recognised on a straight-line basis over the term of the lease.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

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

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

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

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Current and deferred tax are recognised in profit or loss.

Inventories

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Impairment of tangible assets other than goodwill (see the accounting policy in respect of goodwill above)

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

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

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

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified as loans and receivables and financial assets at fair value through profit or loss ("FVTPL"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchase or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Financial assets at FVTPL

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in other income in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 6(c).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including rental deposits, trade receivables, deposits and other receivables, pledged bank deposits, and bank balances and cash) are carried at amortised cost, using the effective interest method, less any identified impairment losses (see the accounting policy in respect of impairment loss of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables (Continued)

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment loss of financial assets

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss of financial assets (Continued)

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

Financial liabilities and equity instruments

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

The Group's financial liabilities are classified into other financial liabilities.

Equity instruments

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

Other financial liabilities

Other financial liabilities (including trade payables, other payables and accruals and secured bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition (Continued)

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

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

Borrowing costs

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

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

Employee benefits

(a) Defined contribution retirement benefit plans

Payments to the mandatory provident fund scheme (the "MPF Scheme") and the state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

(b) Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

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

Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (Continued)

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

Fair value measurement

When measuring fair value, except for the net realisable value of inventories and value in use of property, plant and equipment for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNT JUDGEMENT

In the application of the Group's accounting policies which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNT JUDGEMENT (CONTINUED)

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

Critical judgement

The following is the critical judgement that the directors of the Company have made in the process of applying the Group's accounting policies and have the most effect on the amounts recognised and disclosures made in the consolidated financial statements.

Income taxes

As at 31 December 2014, a deferred tax liability of approximately HK$15,403,000 (2013: Nil) in relation to unrealized gain on financial asset at FVTPL has been recognised in the Group's consolidated statement of financial position. Judgement is required in determining the tax outcome on realisation of such investment. The Group intends to hold the financial asset at FVTPL for trading purpose and accordingly had determined the tax effect of the unrealized fair value gain on the basis of selling the asset in the foreseeable future. However, the actual outcome will be dependent on the timing of realisation of the asset at which time the cumulative gain may be non-taxable.

Key sources of estimation uncertainty

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

Useful lives and impairment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Property, plant and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets or the fair value less costs to disposal. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2014, the carrying amount of property, plant and equipment was approximately HK$54,139,000 (2013: HK$77,073,000) (net of accumulated impairment loss of approximately HK$3,769,000 (2013: Nil)).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNT JUDGEMENT (CONTINUED)

Key sources of estimation uncertainty (Continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGU to which goodwill has been allocated. The value-in-use calculation requires the directors of the Company to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2014, the carrying amount of goodwill arising on acquisition of subsidiaries is approximately HK$6,186,000 (2013: Nil). No impairment loss has been recognised at 31 December 2014 (2013: Nil).

Provision for reinstatement costs

Provision for reinstatement costs is estimated and reassessed at the end of each reporting period 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 costs upon closures or relocation of existing premises occupied by the Group. As at 31 December 2014, the carrying amount of provision for reinstatements cost was approximately HK$3,879,000. (2013: HK$3,770,000).

Impairment of trade receivables and deposits and other receivables

When there is objective evidence of impairment loss of trade receivables and deposits and other receivables, the Group takes into consideration the estimation of future cash flows of respective trade receivables and deposits and other receivables. The amount of the impairment 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 (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amounts of the Group's trade receivables and deposits and other receivables were approximately HK$8,461,000 (2013: HK$1,582,000) and HK$10,362,000 (2013: HK$7,447,000) respectively.

Income taxes

As at 31 December 2014, a deferred tax asset of HK$1,265,000 (2013: HK$1,915,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the remaining tax losses of approximately HK$16,899,000 (2013: HK$5,322,000) due to unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal take places.

5. CAPITAL RISK MANAGEMENT

The Group manages the capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remained unchanged from prior year.

The capital structure of the Group consists of secured bank borrowings, net of pledged bank deposits and bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group expects to maintain a stable gearing ratio through the issue of new shares as well as the undertaking of new debts. Gearing ratio is calculated as net debt (secured bank borrowings less pledged bank deposits and bank balances and cash) divided by the total of net debt and total equity.

Gearing ratios are not applicable to the Group as at 31 December 2014 and 2013 as the Group's bank balances and cash are more than its secured bank borrowings.

6. FINANCIAL RISK MANAGEMENT

6a. Categories of financial instruments

	2014 ***HK$'000***	2013 *HK$'000*
Financial assets		
Loans and receivables (including bank balances and cash)	**104,399**	87,017
Financial asset at FVTPL	**99,712**	–
	204,111	87,017
Financial liabilities		
Other financial liabilities at amortised cost	**52,872**	44,472

6b. Financial risk management objectives and policies

The Group's major financial instruments include rental deposits, trade receivables, deposits and other receivables, financial asset at FVTPL, pledged bank deposits, bank balances and cash, trade payables, other payables and accruals, and secured bank borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6b. Financial risk management objectives and policies (Continued)

Market risk

Interest rate risk

As at 31 December 2014 and 2013, the Group is exposed to cash flow interest rate risk in relation to variable rate secured bank borrowings, pledged bank deposits and bank balances. Details of the pledged bank deposits, bank balances and secured bank borrowings are disclosed in Notes 21 and 23 respectively. It is the Group's policy to keep its secured bank borrowings, pledged bank deposits and bank balances at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate ("Prime Rate") arising from the Group's secured bank borrowings.

The Group's exposure to cash flow interest rate risk from its bank balances and pledged deposit is minimal as these bank balances have short maturity period.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure of the Group's secured bank borrowings to interest rates at the end of the reporting period. The analysis is prepared assuming that the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2013: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

An increase/decrease of 100 basis points in interest rates, with all other variables were held constant, would decrease/increase (2013: decrease/increase) the Group's profit after tax by approximately HK$110,000 (2013: HK$20,000).

Other price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The Group's equity price risk is mainly concentrated on equity instruments quoted on the Stock Exchange. The directors of the Company closely monitor the price risk and will consider hedging the risk exposure should the need arise.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk (Continued)

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the price of the equity instrument had been 5% higher/lower, the post-tax profit for the year ended 31 December 2014 would increase/decrease by approximately HK$4,163,000 (2013: Nil) as a result of the fair value changes of financial asset at FVTPL.

Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

The Group has concentration of credit risk as 69% (2013: 27%) and 88% (2013: 69%) of the total trade receivables was due from the largest counterparty and the three (2013: three) largest counterparties, respectively.

The Group's concentration of credit risk by geographical locations is in Hong Kong which accounted for 100% of the total trade receivables for both years.

The directors of the Company consider the credit risk associated with trade receivables is minimal as most of the trade receivables are due from reputable institutions or companies.

The directors of the Company consider that the credit risk associated with amount due from a non-controlling interest is under control, the directors of the Company have exercised due care in checking the financial position of the non-controlling interest.

The credit risk for on liquid funds is limited as they are placed with banks with high credit ratings assigned by international credit-rating agencies.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of secured bank borrowings and ensures compliance with loan covenants.

As at 31 December 2014 and 2013, the Group had not breached any of the covenant clauses of its obligations under secured bank borrowings *(Note 23)*.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowing with a repayment on demand clause is included in the earliest time band regardless of the probability of the bank choosing to exercise its right within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	At 31 December 2014		
	Within one year or on demand *HK$'000*	**Total undiscounted cash flow** *HK$'000*	**Carrying amount** *HK$'000*
Non-derivative financial liabilities			
Trade payables	13,823	13,823	13,823
Other payables and accruals	25,927	25,927	25,927
Secured bank borrowings *(note i)*	13,339	13,339	13,122
	53,089	53,089	52,872

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	At 31 December 2013		
	Within one year or on demand *HK$'000*	Total undiscounted cash flow *HK$'000*	Carrying amount *HK$'000*
Non-derivative financial liabilities			
Trade payables	10,973	10,973	10,973
Other payables and accruals	31,102	31,102	31,102
Secured bank borrowing *(note i)*	2,477	2,477	2,397
	44,552	44,552	44,472

Notes:

(i) Mortgage loan and installment loans with a repayment on demand clause are included in the "within one year or on demand" time band in the above maturity analysis. At 31 December 2014, the aggregate undiscounted principal amount of these bank borrowings amounted to approximately HK$5,459,000 (2013: HK$2,397,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that the mortgage loan and installment loans will be repaid by 84 (2013: 96), 33 (2013: Nil) and 26 (2013: Nil) monthly installments after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$5,959,000 (2013: HK$2,752,000).

(ii) The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6c. Fair value measurements

The fair value of the Group's financial asset at FVTPL represented investment in equity securities listed on the GEM of the Stock Exchange. The fair value of the investment as at 31 December 2014 was determined based on the published bid price available on the Stock Exchange and was classified as Level 1 of the fair value hierarchy.

The directors of the Company consider that the carrying amount of the non-current deposits approximated the fair value as the impact of discounting is immaterial.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost and classified as current assets/liabilities in the consolidated financial statements approximate their fair values due to their short-term maturities.

7. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold or services rendered which is also consistent with the basis of organisation of the Group. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

(i) Chinese restaurants operation – The operation of a chain of Chinese restaurants in Hong Kong.

(ii) Food products operation – The production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei, to chain supermarkets in Hong Kong.

(iii) Others – Investment in equity securities.

The Group's food products operation segment was introduced in the current year as a result of the acquisition of two subsidiaries as set out in Note 32.

7. SEGMENT INFORMATION (CONTINUED)

Segment turnover and results

Segment turnover represents revenue derived from the provision of catering services, sales of food products and gross proceeds from the disposal of investments.

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December

	Chinese restaurants operation		Food products operation		Others		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
SEGMENT TURNOVER	**405,215**	386,262	**59,709**	–	**1,380**	–	**466,304**	386,262
Revenue from external customers	**405,215**	386,262	**59,709**	–	**–**	–	**464,924**	386,262
Segment result	**10,714**	33,540	**317**	–	**94,544**	–	**105,575**	33,540
Unallocated income							**166**	572
Unallocated corporate expenses							**(4,316)**	(4,977)
Share of loss of a joint venture							**(1)**	(4)
Finance costs							**(626)**	(264)
Profit before tax							**100,798**	28,867

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of interest income, central administrative costs, directors' emoluments, share of loss of a joint venture, other losses and finance costs. This is the measure reported to chief operating decision maker for purposes of resource allocation and performance assessments.

7. SEGMENT INFORMATION (CONTINUED)

Segment asset and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

Segment asset

	2014	2013
	HK$'000	*HK$'000*
Chinese restaurants operation	**89,703**	114,280
Food products operation	**18,369**	–
Others	**99,712**	–
Total segment assets	**207,784**	114,280
Unallocated	**78,135**	70,330
Consolidated assets	**285,919**	184,610

Segment liabilities

	2014	2013
	HK$'000	*HK$'000*
Chinese restaurants operation	**42,214**	52,135
Food products operation	**8,925**	–
Others	**–**	–
Total segment liabilities	**51,139**	52,135
Unallocated	**29,002**	5,102
Consolidated liabilities	**80,141**	57,237

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interest in a joint venture, deferred tax assets, income tax recoverable, pledged bank deposits and bank balances and cash; and

- all liabilities are allocated to operating segments other than income tax payable, secured bank borrowings and deferred tax liabilities.

7. SEGMENT INFORMATION (CONTINUED)

Geographical information

No geographical information is presented as all revenue from external customers of the Group are derived from and all non-current assets of the Group are located in Hong Kong (place of domicile).

Information about major customers

None of the Group's customers contributed 10% or more of the Group's total revenue during the years ended 31 December 2014 and 2013.

Other segment information

For the year ended 31 December 2014

	Chinese restaurants operation *HK$'000*	Food products operation *HK$'000*	Others *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amount included in the measure of segment profit or segment assets:					
Additions to non-current assets *(note)*	2,400	3,923	–	8	6,331
Depreciation	21,480	735	–	8	22,223
Loss on disposals/written-off of property, plant and equipment	1,705	267	–	–	1,972
Loss on disposal of a subsidiary	237	–	–	–	237
Impairment loss on property, plant and equipment	3,769	–	–	–	3,769
Gain on fair value change of financial asset at FVTPL	–	–	93,351	–	93,351
Gain on disposal of financial asset at FVTPL	–	–	1,193	–	1,193
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interest income	(4)	(2)	–	(160)	(166)
Finance costs	271	355	–	–	626
Income tax expenses	4,433	72	15,600	55	20,160

7. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 December 2013

	Chinese restaurants operation *HK$'000*	Food products operation *HK$'000*	Others *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amount included in the measure of segment profit or segment assets:					
Additions to non-current assets *(note)*	36,445	–	–	370	36,815
Depreciation	18,856	–	–	56	18,912
Loss on disposals/written-off of property, plant and equipment	768	–	–	–	768
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interest income	(6)	–	–	(566)	(572)
Finance costs	264	–	–	–	264
Income tax expenses	5,373	–	–	–	5,373

Note: Non-current assets excluded interest in a joint venture, financial instruments and deferred tax assets and included approximately HK$907,000 from acquisition of subsidiaries during the year.

Revenue from major products and services

The following is an analysis of the Group's revenue from sales of its major products and provision of services to external customers:

	2014 ***HK$'000***	2013 *HK$'000*
Chinese restaurants catering services	**405,215**	386,262
Sale of food products	**59,709**	–
	464,924	386,262

8. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Sub-letting income	**38**	38
Loan interest income from a substantial shareholder	**–**	566
Bank interest income	**166**	6
Sundry income	**437**	172
	641	782

9. PROFIT BEFORE TAX

	2014	2013
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging:		
Other losses:		
Impairment loss of property, plant and equipment	**3,769**	–
Loss on disposals/written-off of property, plant and equipment	**1,972**	768
Loss on disposal of a subsidiary	**237**	–
	5,978	768
Employee benefits expenses (including directors' emoluments)		
Salaries, wages and allowances	**145,204**	113,536
Contributions to retirement benefits scheme – defined contribution plan	**6,448**	5,183
	151,652	118,719
Auditor's remuneration	**980**	960
Kitchen consumables (included in other operating expenses)	**3,043**	3,028
Cleaning expenses (included in other operating expenses)	**4,422**	4,071
Operating lease rentals in respect of rented premises	**37,637**	35,869

10. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Finance costs on secured bank borrowings:		
Wholly repayable within five years	**356**	–
Not wholly repayable within five years	**74**	88
Unwinding of discount on provision for reinstatement costs *(Note 25)*	**196**	176
	626	264

11. INCOME TAX EXPENSES

	2014	2013
	HK$'000	*HK$'000*
Current income tax – Hong Kong:		
Current year provision	**6,344**	6,764
Overprovision in prior years	**(785)**	(106)
Deferred income tax *(Note 24)*	**14,601**	(1,285)
	20,160	5,373

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards. No provision for the PRC EIT has been made for both years since the subsidiaries in the PRC did not derive any assessable profits for both years.

11. INCOME TAX EXPENSES (CONTINUED)

The income tax expenses for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	HK$'000	*HK$'000*
Profit before tax	**100,798**	28,867
Tax at the domestic income tax rate of 16.5% (2013: 16.5%)	**16,632**	4,763
Tax effect of income not taxable for tax purpose	**(48)**	–
Tax effect of expenses not deductible for tax purpose	**965**	114
Tax effect of deductible temporary differences not recognised	**1,244**	137
Utilisation of tax losses not previously recognised	**(311)**	–
Tax effect of tax losses not recognised	**2,463**	465
Overprovision in prior years	**(785)**	(106)
Income tax expenses for the year	**20,160**	5,373

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) The emoluments paid or payable to the directors and the chief executive of the Company were as follows:

	Year ended 31 December 2014			
	Fees	**Salaries and other benefits**	**Contributions to retirement benefits scheme – defined contribution plan**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Executive directors:				
Mr. Wong Kwan Mo	–	–	–	–
Ms. Lau Lan Ying	–	–	–	–
Independent non-executive directors:				
Mr. Kwan Wai Yin, William	60	–	–	60
Mr. Li Fu Yeung	60	–	–	60
Ms. Chiu Man Yee	60	–	–	60
	180	–	–	180

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) The emoluments paid or payable to the directors and chief executive of the Company were as follows: (Continued)

	Year ended 31 December 2013			
	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Contributions to retirement benefits scheme – defined contribution plan *HK$'000*	Total *HK$'000*
Executive directors:				
Mr. Wong Kwan Mo	–	–	–	–
Ms. Lau Lan Ying	–	–	–	–
Independent non-executive directors:				
Mr. Kwan Wai Yin, William *(appointed on 2 September 2013)*	20	–	–	20
Mr. Li Fu Yeung	60	–	–	60
Ms. Chiu Man Yee	60	–	–	60
Mr. Ho Chun Fai *(resigned on 2 September 2013)*	40	–	–	40
	180	–	–	180

Ms. Lau Lan Ying is also the chief executive of the Company for both years and her emoluments disclosed above include those for services rendered by her as the chief executive.

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Employees' emoluments

The five individuals with the highest emoluments in the Group for the years ended 31 December 2014 and 2013 were all non-director employees. Their emoluments were as follows:

	2014	2013
	HK$'000	*HK$'000*
Salaries and other benefits	**2,458**	2,723
Contributions to retirement benefits scheme		
– defined contribution plan	**80**	73
	2,538	2,796

The emoluments were within the following bands:

	Number of individuals	
	2014	2013
Nil to HK$1,000,000	**4**	5
HK$1,000,001 to HK$1,500,000	**1**	–
	5	5

During the years ended 31 December 2014 and 2013, no emoluments were paid by the Group to the five highest paid individuals, directors or the chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the chief executive of the Company and the highest paid employees waived or agreed to waive any emoluments paid by the Group.

The remuneration of directors and the chief executive of the Company is determined by the remuneration committee having regard to the performance of individual and market trends.

13. DIVIDEND

During the year ended 31 December 2013, an interim dividend of HK$0.3125 (2014: nil) per share totaling HK$10,000,000 were declared and paid. No dividend has been paid or proposed during the year ended 31 December 2014 or since the end of the reporting period.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to the owners of the Company	**81,626**	23,758
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,200,000,000**	3,200,000,000

Diluted earnings per share for the years ended 31 December 2014 and 2013 is the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building *HK$'000*	Leasehold improvements *HK$'000*	Air-conditioning *HK$'000*	Equipment and kitchen utensils *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST							
At 1 January 2013	6,100	50,849	12,787	24,044	12,350	1,357	107,487
Additions	–	17,982	3,037	10,558	2,657	2,581	36,815
Written-offs/disposals	–	(4,184)	(595)	(13)	(22)	(245)	(5,059)
At 31 December 2013 and 1 January 2014	6,100	64,647	15,229	34,589	14,985	3,693	139,243
Additions	–	860	499	2,092	297	874	4,622
Acquired on acquisition of subsidiaries *(Note 32)*	–	336	9	562	–	–	907
Disposal of a subsidiary *(Note 33)*	–	(367)	(62)	(504)	(41)	–	(974)
Written-offs/disposals	–	(1,766)	–	(1,141)	(289)	(60)	(3,256)
At 31 December 2014	6,100	63,710	15,675	35,598	14,952	4,507	140,542
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2013	77	23,546	6,662	9,043	7,555	378	47,261
Provided for the year	153	9,812	1,860	4,870	1,584	633	18,912
Eliminated on written-offs/disposals	–	(3,389)	(563)	(4)	(8)	(39)	(4,003)
At 31 December 2013 and 1 January 2014	230	29,969	7,959	13,909	9,131	972	62,170
Provided for the year	153	10,611	2,173	6,666	1,849	771	22,223
Eliminated on written-offs/disposals	–	(718)	–	(378)	(98)	(10)	(1,204)
Impairment loss recognised for the year	–	1,749	334	1,361	325	–	3,769
Disposal of a subsidiary *(Note 33)*	–	(282)	(39)	(222)	(12)	–	(555)
At 31 December 2014	383	41,329	10,427	21,336	11,195	1,733	86,403
CARRYING VALUES							
At 31 December 2014	5,717	22,381	5,248	14,262	3,757	2,774	54,139
At 31 December 2013	5,870	34,678	7,270	20,680	5,854	2,721	77,073

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Leasehold land held for own use under finance lease	Unexpired term of lease
Building held for own use	2.5% or unexpired term of lease, if shorter
Leasehold improvements	20% or over the lease term, whichever is shorter
Air-conditioning	20% or over the lease term, whichever is shorter
Equipment and kitchen utensils	20%
Furniture and fixtures	20%
Motor vehicles	20%

The land and building is situated in Hong Kong and held under medium-term lease.

The land and building with a net book value of approximately HK$5,717,000 (2013: HK$5,870,000) has been pledged to secure bank borrowings of the Group. Details of secured bank borrowings are set out in Note 23.

During the year, the directors of the Company conducted a review of the Group's property, plant and equipment and determined that a number of those assets were impaired. Accordingly, impairment losses approximately of HK$1,749,000 (2013: nil), HK$334,000 (2013: nil), HK$1,361,000 (2013: nil) and HK$325,000 (2013: nil) respectively have been recognised in respect of leasehold improvements, air-conditioning, equipment and kitchen utensils and furniture and fixtures respectively which are used in the Chinese restaurants operation segment. The recoverable amounts of the relevant assets have been determined on the basis of fair value less costs to disposal using the market approach with reference to the recent sales prices of similar assets within the same industry, adjusting differences such as condition and timing of transaction, which is within Level 3 fair value hierarchy. In estimating the fair value of those impaired assets, the director of the Company assumed that the assets will be sold at the respective existing state.

Details of the Group's property, plant and equipment for which impairment losses had been recognised and information about the fair value hierarchy as at 31 December 2014 are as follows:

	Level 3 *HK$'000*	**Recoverable amount/ fair value as at 31 December 2014** *HK$'000*
Leasehold improvements	**5,240**	**5,240**
Air-conditioning	**1,083**	**1,083**
Equipment and kitchen utensils	**3,965**	**3,965**
Furniture and fixture	**877**	**877**

There was no transfer in or out of level 3 during the year ended 31 December 2014.

As there was no impairment loss recognised as at 31 December 2013, no reconciliation of level 3 fair value measurements is presented.

16. GOODWILL

	HK$'000
COST	
Arising on acquisition of subsidiaries *(Note 32)* during the year and at 31 December 2014	6,186
ACCUMULATED IMPAIRMENT	
Impairment loss recognised during the year and at 31 December 2014	–
CARRYING VALUE	
At 31 December 2014	6,186

For the purposes of impairment testing, goodwill set out above has been allocated to one CGU, comprising two subsidiaries in the food products operation segment.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

The recoverable amount of this CGU has been determined based on a value-in-use calculation with reference to a valuation performed by Roma Appraisals Limited, an independent professional qualified valuers not connected to the Group. The calculation uses cash flow projections based on financial budgets approved by management of the Group covering a 5-year period and a pre-tax discount rate of 16.5%. Cash flows beyond the 5-year period has been extrapolated using a steady 3.5% (2013: nil) growth rate. This growth rate is based on industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of this CGU to exceed the aggregate recoverable amount of this CGU. The directors of the Company considered that no impairment should be recognised on the goodwill as at 31 December 2014.

17. INTEREST IN A JOINT VENTURE

	2014 ***HK$'000***	2013 *HK$'000*
Cost of unlisted investment in Hong Kong	**5**	5
Share of post-acquisition losses and other comprehensive expenses	**(5)**	(4)
	–	1

17. INTEREST IN A JOINT VENTURE (CONTINUED)

As at 31 December 2014 and 2013, the Group had interest in the following joint venture entity:

Name of entity	Form of business structure	Country of incorporation/ registration/ operation	Issued and paid-up/ registered capital	Proportion of equity interest and voting power attributable to the Group		Principal activity
				2014	2013	
Hong Kong Beverage and Catering Limited ("HKBC")	Incorporated	Hong Kong	HK$10,000	**50%**	50%	Investment holding

The summarised financial information of HKBC, a joint venture that is not individually material to the Group, shown below are prepared in accordance with HKFRSs.

HKBC is accounted for using the equity method in the consolidated financial statements.

	2014	2013
	HK$'000	*HK$'000*
The Group's share of post-tax loss for the year	**1**	4

The Group has stopped recognising its share of losses of its joint venture when applying the equity method. The unrecognised share of the joint venture, both for the year and cumulatively, are set out below:

	2014	2013
	HK$'000	*HK$'000*
The unrecognised share of loss of a joint venture for the year	**1**	–
Accumulative unrecognised share of loss of a joint venture	**1**	–

18. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong, at fair value	**99,712**	–

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

During the year ended 31 December 2014, the Group acquired 10,800,000 shares in a company listed on the GEM of the Stock Exchange. 304,000 shares were disposed of during the year for a cash consideration of HK$1,380,000 resulting in a gain on disposal of HK$1,193,000.

As at 31 December 2014, the Group held the remaining 10,496,000 shares, representing approximately 1% equity interest in the abovementioned company and are stated at its fair value determined by reference to published price quoted on Stock Exchange.

19. INVENTORIES

	2014 ***HK$'000***	2013 *HK$'000*
Food and beverages	**7,724**	9,788
Consumables	**395**	621
	8,119	10,409

20. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014 ***HK$'000***	2013 *HK$'000*
Non-current		
Rental deposits	**11,271**	10,876
Current		
Trade receivables	**8,461**	1,582
Prepayments, deposits and other receivables *(Note)*	**18,937**	14,183
	27,398	15,765

Note: Included in the balance as at 31 December 2014 was approximately HK$2,567,000 (2013: nil) due from a non-controlling interest. The amount was interest-free, unsecured and repayable on demand. Subsequent to the end of reporting period, the amount was fully settled.

20. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

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

	2014	2013
	HK$'000	*HK$'000*
Within 30 days and neither past due nor impaired	**8,398**	969
1 – 30 days	**28**	232
31 – 60 days	**35**	381
	8,461	1,582

The Group does not hold any collateral over its trade receivables, deposits and other receivables.

The Group's sales are mainly conducted in cash or by credit cards. Certain customers are granted a credit period of 30 days.

Included in trade receivables balance as at 31 December 2014 were receivables of HK$63,000 (2013: HK$613,000) that were past due. The trade receivables included in the above aging analysis are considered not impaired as there is no recent history of default. No provision for impairment of trade receivables was made as at 31 December 2014 and 2013.

Ageing of trade receivables which are past due but not impaired:

	2014	2013
	HK$'000	*HK$'000*
0 – 30 days	**28**	232
31 – 60 days	**35**	381
	63	613

21. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Cash at banks and pledged bank deposits earn interest at prevailing market rates for both years.

Pledged bank deposit as at 31 December 2014 of HK$1,500,000 (2013: HK$1,500,000) was pledged to a bank for the issuance of a letter of guarantee in favour of the Group *(Note 23)* that will be expiring after (2013: within) twelve months from the end of the reporting period and is classified as non-current asset (2013: current asset). Pledged deposits of HK$3,505,000 (2013: nil) as at 31 December 2014 were pledged to banks for short-term banking facilities, accordingly, the pledged bank deposits are classified as current asset.

22. TRADE PAYABLES, OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**13,823**	10,973
Payables for acquisition of property, plant and equipment	**2,698**	10,567
Other payables	**3,708**	3,650
Accruals	**19,521**	16,885
Deposits received	**7,510**	6,290
	33,437	37,392
	47,260	48,365

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

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**10,228**	7,727
31 – 60 days	**3,555**	2,963
61 – 90 days	**4**	159
Over 90 days	**36**	124
	13,823	10,973

Payment terms granted by suppliers are generally 30 to 45 days after the end of the month in which the relevant purchases are made. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Included in trade payables as at 31 December 2014 was amounts due to companies controlled by executive directors of the Company of approximately HK$1,593,000 (2013: HK$1,698,000) which are interest-free, unsecured and repayable within 30 days after the end of the month in which the relevant purchases are made.

23. SECURED BANK BORROWINGS

	2014 HK$'000	2013 HK$'000
Mortgage loan, repayable on demand	**2,132**	2,397
Instalment loans, repayable on demand	**3,327**	–
Bank loans	**2,418**	–
Bank overdrafts	**5,245**	–
	13,122	2,397

The facility agreements of mortgage loan and instalment loans contain repayment on demand clauses pursuant to which the banks can at their discretion demand repayment of the entire outstanding balances from the Group in the absence of any defaults.

The following table presents the contractual maturity of the banks borrowings that are repayable on demand:

	Mortgage loan	Instalment loans	
Carrying amount *(HK$'000)*			
– 31 December 2014	2,132	1,161	2,166
– 31 December 2013	2,397	–	–
Contractual instalments	120	60	36
Outstanding instalments			
– 31 December 2014	84	33	26
– 31 December 2013	96	–	–

The following table presents the scheduled repayments set out in the loan agreements:

	2014 HK$'000	2013 HK$'000
Within one year	**9,341**	265
After one year but within two years	**1,709**	274
After two years but within five years	**1,413**	883
More than 5 years	**659**	975
	13,122	2,397

Mortgage loan carries interest at Prime Rate less 1.75% (2013: Prime Rate less 1.75%) per annum.

Instalment loans carries interest at Prime Rate to Prime Rate plus 0.5% per annum.

Bank overdrafts carries interest at Prime Rate plus a margin, ranging from 0.5% to 2% per annum.

Bank loans carries interest at Prime Rate plus 0.25% per annum.

23. SECURED BANK BORROWINGS (CONTINUED)

The effective interest rate at the end of the reporting period is as follows:

	2014 *HK$'000*	2013 *HK$'000*
Instalment loans	**5% to 5.75%**	N/A
Bank overdrafts	**5.5% to 7.25%**	N/A
Bank loans	**5.75%**	N/A
Mortgage loan	**3.5%**	3.5%

As at 31 December 2014, the Group had aggregate banking facilities of approximately HK$14,798,000 (2013: HK$3,947,000) for loans and other facilities (including letter of guarantee). Unused facilities as at the same date amounted to approximately HK$980,000 (2013: HK$107,000). These facilities were secured by:

(a) The Group's pledged bank deposits amounting to approximately HK$5,005,000 (2013: HK$1,500,000) as at 31 December 2014; and

(b) Leasehold land and building with a carrying amount of approximately HK$5,717,000 (2013: HK$5,870,000) as at 31 December 2014;

(c) Guarantee from Hong Kong Mortgage Corporation Limited and the government of Hong Kong Special Administrative Region; and

(d) Unlimited guarantees from non-controlling shareholder and director of a subsidiary.

In additions, certain business credit cards were guaranteed by Mr. Wong Kwan Mo and Ms. Lau Lan Ying, the executive directors of the Company and a non-controlling interest, to the extent of HK$138,000 (2013: HK$50,000) in aggregate.

24. DEFERRED TAX

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

	2014 *HK$'000*	2013 *HK$'000*
Deferred tax assets	**4,103**	3,576
Deferred tax liabilities	**(16,659)**	(1,478)
	(12,556)	2,098

As at 31 December 2014, deferred tax liabilities of HK$1,214,000 (2013: HK$1,109,000) has been presented as an offset to deferred tax asset in the consolidated statement of financial position.

24. DEFERRED TAX (CONTINUED)

The followings are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting periods:

	Decelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
Deferred tax assets			
At 1 January 2013	2,434	399	2,833
(Charged) credited to profit or loss	(773)	1,516	743
At 31 December 2013 and 1 January 2014	**1,661**	**1,915**	**3,576**
Credited (Charged) to profit or loss	**1,177**	**(650)**	**527**
At 31 December 2014	**2,838**	**1,265**	**4,103**

	Accelerated tax depreciation *HK$'000*	Others *HK$'000*	Unrealized gain on financial assets at FVTPL *HK$'000*	Total *HK$'000*
Deferred tax liabilities				
At 1 January 2013	(1,992)	(28)	–	(2,020)
Credited to profit or loss	514	28	–	542
At 31 December 2013 and 1 January 2014	**(1,478)**	**–**	**–**	**(1,478)**
Acquisition of subsidiaries *(Note 32)*	**(53)**	**–**	**–**	**(53)**
Charged to profit or loss	**(275)**	**–**	**(15,403)**	**(15,128)**
At 31 December 2014	**(1,256)**	**–**	**(15,403)**	**(16,659)**

Deferred tax assets are recognised for available tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2014, the Group had tax loss carry-forwards and other deductible temporary differences of HK$24,563,000 (2013: HK$16,644,000) and HK$25,773,000 (2013: HK$10,894,000) respectively. Tax losses can be carried forward against future taxable income indefinitely. At the date of disposal of Home-made Cuisine Catering Limited ("HMC"), its tax losses amounted to HK$1,467,000.

As at 31 December 2014, the Group did not recognise deferred tax assets in respect of tax losses and deductible temporary differences of HK$16,899,000 (2013: HK$5,322,000) and HK$8,372,000 (2013: HK$830,000) due to the unpredictability of future profit stream.

25. PROVISION FOR REINSTATEMENT COSTS

	2014	2013
	HK$'000	*HK$'000*
At 1 January	**3,770**	3,100
Additional provision	**–**	494
Unwinding of discount on provision *(Note 10)*	**196**	176
Disposal of a subsidiary *(Note 33)*	**(87)**	–
At 31 December	**3,879**	3,770
Analysed into		
Current portion	**559**	–
Non-current portion	**3,320**	3,770
	3,879	3,770

Provision for reinstatement costs is recognised at the present value of costs to be incurred for the reinstatement of the properties used by the Group for its operations upon expiration of the relevant leases.

The discount rate applied to provision for reinstatement cost as at 31 December 2014 is 5.25% (2013: 5.25%).

26. SHARE CAPITAL

	Nominal value	Number of shares	Share capital *HK$'000*
Authorised			
Ordinary shares			
1 January 2013	0.001	10,000,000,000	10,000
Increase in authorised share capital *(Note)*	0.001	90,000,000,000	90,000
At 31 December 2013,1 January 2014 and 31 December 2014	0.001	100,000,000,000	100,000
Issued and fully paid			
Ordinary shares			
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	0.001	3,200,000,000	3,200

Note: Pursuant to an ordinary resolution passed by the shareholders of the Company at a general meeting held on 10 May 2013, the Company's authorised share capital was increased to HK$100,000,000 divided into 100,000,000,000 ordinary shares of HK$0.001 each by the creation of additional 90,000,000,000 ordinary shares of HK$0.001 each, which will rank pari passu with all existing shares.

27. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the Company's shareholders at a special general meeting of the Company held on 9 December 2011, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of rewarding eligible participants who had made contribution to the Group as well as providing incentives in retaining the Group's existing employees and recruiting additional employees in attaining the long term objectives of the Group.

Subject to the terms of the Share Option Scheme, the directors of the Company may, at their absolute discretion, grant or invite any person belonging to any of the following classes to take up options to subscribe for shares: (a) any employee, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Company or any subsidiaries, (b) any person who have contributed or may contribute to the Group.

27. SHARE OPTION SCHEME (CONTINUED)

The maximum number of shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

The total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue on 9 December 2011(i.e 320,000,000 ordinary shares after the adjustment of the Share Sub-division) unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit.

The total number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of grant of each eligible participant shall not exceed 1% of the total issued shares unless (i) a shareholders' circular is dispatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the 1% limit referred to in this paragraph; and (iii) the relevant eligible participant and its associates abstain from voting on such resolution.

The exercise price of the option shares granted under the Share Option Scheme may be determined by the board of directors of the Company at its absolute discretion but in any event will not be less than the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of grant; (iii) the nominal value of a share.

The Share Option Scheme will remain in force for a period of 10 years commencing from 9 December 2011 unless terminated by the Group.

Options granted under the Share Option Scheme must be taken up within 28 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK$1 to the Company as consideration for the grant.

No share options have been granted since the adoption of the Share Option Scheme and there were no share option outstanding as at 31 December 2014 (2013: Nil).

28. OPERATING LEASE COMMITMENTS

(a) As lessor

Property rental income earned during the year was approximately HK$38,000 (2013: HK$38,000). The Group sub-let its rented premises under an operating lease arrangement with no fixed lease term. The term of the lease generally require the tenants to pay security deposits.

As at 31 December 2014, the Group did not have future minimum lease receivable (2013:nil).

(b) As lessee

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to six years (2013: two to six years). Rentals were fixed at the inception of the leases.

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

	2014	2013
	HK$'000	*HK$'000*
Within one year	**38,251**	37,250
In the second to fifth years inclusive	**65,234**	86,788
Over five years	**–**	5,128
	103,485	129,166

29. CAPITAL COMMITMENTS

	2014	2013
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**422**	–

30. RETIREMENT BENEFIT SCHEME

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the Group is required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000 from 1 January 2014 to 31 May 2014 and HK$30,000 (2013: HK$25,000) thereafter per employee. Contributions to the MPF Scheme vest immediately.

The PRC employees of the subsidiary in the PRC is a member of the pension scheme operated by the PRC local government. The subsidiary is required to contribute a certain percentage of the relevant payroll of the employee to the pension scheme to fund the benefit. The only obligation for the Group with respect of the pension scheme is the required contributions under the pension scheme.

The total expense recognised in profit or loss of HK$6,448,000 (2013: HK$5,183,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

31. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with related parties:

(a) Transactions with related parties

The Group had the following significant transactions with companies controlled and beneficially owned by the executive directors of the Company, who are also the ultimate controlling parties of the Company, and their close family members during both years:

	Notes	2014 HK$'000	2013 HK$'000
Rental expenses	*(i)*	**9,960**	9,960
Purchase of goods	*(ii)*	**7,963**	10,386

Notes:

(i) Rental expenses were charged according to the terms of the rental agreement entered into between the parties.

(ii) Purchases of goods from related companies were made on a mutually agreed basis.

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

On 18 January 2012, the Company entered into a loan agreement with KMW, a substantial shareholder of the Company beneficially owned by the executive directors of the Company, for advancing a loan of HK$9,900,000 to KMW. The loan receivable was guaranteed by the executive directors of the Company, bore interest at Prime Rate plus 1%, and repayable in 3 years from the date of drawdown. Details of which were set out in the Company's announcement dated 18 January 2011.

The entire loan receivable and amount due from the substantial shareholder were fully settled during the year ended 31 December 2013 and the maximum outstanding during the year ended 31 December 2013 amounted to HK$10,468,000.

(c) Other arrangements with related parties

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the year ended 31 December 2014 and 2013 are as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Short-term benefits	**1,188**	1,106
Post-employment benefits	**17**	15
	1,205	1,121

The remuneration of directors of the Company and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

(d) Other transaction with related party

On 19 December 2014, Food Idea Group Limited ("Food Idea"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Wong Tai Chun ("Mr. Wong") in respect of the acquisition of the entire equity interests in Brilliant Forever Limited, a company incorporated in the BVI with limited liability, at a maximum consideration of HK$100,000,000. Mr. Wong is the son of Mr. Wong Kwan Mo and Ms. Lau Lan Ying, who are the executive directors and controlling shareholders of the Company.

Further details of the proposed acquisition, which constituted a connected transaction of the Company, were set out in the Company's announcements dated 25 June 2014, 29 September 2014, 19 December 2014 and 31 December 2014 and the Company's circular dated 27 March 2015.

The acquisition had not been completed as at the date of these consolidated financial statements.

32. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2014

On 1 May 2014, Lucky Great Investment Limited (a non-wholly owned subsidiary of the Company) acquired 58% equity interests in each of Nicecity Limited ("Nicecity") and Excellent Catering Management Limited ("Excellent Catering") with an aggregate cash consideration of HK$3,750,000 for the expansion of operation into production, sales and distribution of food products. The directors of the Company consider that the acquisition of Nicecity and Excellent Catering will benefit the Group through synergies. The acquisition of Nicecity and Excellent Catering had been accounted for using the acquisition method. Nicecity and Excellent Catering are principally engaged in the production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei, in Hong Kong.

Consideration transferred

	HK$'000
Cash	**3,750**

Assets acquired and liabilities recognised at the date of acquisition:

	HK$'000
Property, plant and equipment	**907**
Trade receivables	**7,702**
Prepayments, deposits and other receivables	**2,817**
Pledged bank deposits	**3,503**
Bank balances and cash	**210**
Trade payables	**(8,528)**
Other payables and accruals	**(2,561)**
Income tax payable	**(94)**
Deferred tax liabilities	**(53)**
Secured bank borrowings (included bank overdrafts of approximately HK$1,915,000)	**(8,103)**
	(4,200)

The fair value of trade receivables and deposits and other receivables at the date of acquisition amounted to approximately HK$10,519,000. The gross contractual amounts of those trade receivables and deposits and other receivables acquired amounted to approximately HK$10,519,000 at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

32. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2014 (Continued)

Goodwill arising on acquisition

	HK$'000
Consideration transferred	3,750
Less: non-controlling interests (at proportionate share of net assets)	(1,764)
Add: net liabilities acquired	4,200
Goodwill arising on acquisition	6,186

Goodwill arose in the acquisition of Nicecity and Excellent Catering because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Nicecity and Excellent Catering. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

Acquisition-related costs amounting to approximately HK$340,000 have been recognised as an expense during the year ended 31 December 2014, within the other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

Net cash outflow arising on acquisition of Nicecity and Excellent Catering

	HK$'000
Cash consideration paid	(3,750)
Cash and cash equivalents acquired	
Bank balances and cash	210
Bank overdrafts (included in secured bank borrowings)	(1,915)
	(5,455)

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2014 is approximately HK$317,000 attributable to the additional business generated by Nicecity and Excellent Catering. Revenue for the year ended 31 December 2014 includes approximately HK$59,709,000 generated from Nicecity and Excellent Catering.

32. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2014 (Continued)

Impact of acquisition on the results of the Group (Continued)

Had the acquisition of Nicecity and Excellent Catering been completed on 1 January 2014, total revenue of the Group for the year would have been approximately HK$497,737,000, and profit for the year would have been approximately HK$84,539,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

In determining the "pro-forma" profit of the Group had Nicecity and Excellent Catering been acquired at the beginning of the current year, the directors of the Company have calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the preacquisition financial statements.

33. DISPOSAL OF A SUBSIDIARY

For the year ended 31 December 2014

On 30 September 2014, the Group disposed of its entire equity interests in HMC to an independent third party for a cash consideration of HK$370,000. The net assets of HMC at the date of disposal were as follows:

Consideration received

	HK$'000
Cash received	370

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	419
Inventories	1
Trade receivables	21
Prepayments, deposits and other receivables	414
Bank balances and cash	142
Trade payables	(100)
Other payables, accruals and deposits received	(203)
Provision for reinstatement costs	(87)
Net assets disposed of	607

33. DISPOSAL OF A SUBSIDIARY (CONTINUED)

For the year ended 31 December 2014 (Continued)

Loss on disposal of a subsidiary:

	HK$'000
Cash consideration received	**370**
Net assets disposed of	**(607)**
Loss on disposal	**(237)**

Net cash inflow arising on disposal of HMC:

	HK$'000
Cash consideration received	**370**
Less: bank balances and cash disposed of	**(142)**
	228

34. CHANGE IN OWNERSHIP OF INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2014

On 31 December 2014, the Group acquired additional 40% equity interests in Home-made Cuisine Investments Limited ("HMI") from the non-controlling shareholders for an aggregate cash consideration of HK$200,000 and recorded a loss of HK$1,420,000 (recorded in other reserve under equity). Following such acquisition the Group's interest in HMI become 100%.

For the year ended 31 December 2013

(i) On 1 January 2013, the Group acquired additional 10% equity interest in each of Tin Ho Restaurant Limited ("Tin Ho") and an inactive subsidiary from the respective non-controlling interest for an aggregate cash consideration of HK$700,000. After the acquisition, the Group's equity interest in the two subsidiaries became 70%.

(ii) On 31 May 2013, HMI allotted 1,516,200 ordinary shares of HK$1 each to certain independent third parties for aggregate cash consideration of approximately HK$1,517,000. Following the allotment of shares, the Group's interest in HMI was diluted to 60%.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014	2013
	HK$'000	*HK$'000*
Non-current assets		
Investment in a subsidiary	**13,086**	13,086
Property, plant and equipment	**241**	314
	13,327	13,400
Current assets		
Prepayments, deposits and other receivables	**299**	267
Amounts due from subsidiaries *(note a)*	**38,778**	68,073
Tax recoverable	**111**	–
Bank balances and cash	**30,951**	1,458
	70,139	69,798
Current liability		
Other payables	**1,165**	1,058
Net current assets	**68,974**	68,740
	82,301	82,140
Capital and reserves		
Share capital	**3,200**	3,200
Reserves *(note b)*	**79,101**	78,940
	82,301	82,140

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Notes:

(a) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

(b) Movements in the reserves during the year are as follows:

	Share premium *HK$'000*	Capital reserve *HK$'000* *(Note)*	(Accumulated losses) retained profits *HK$'000*	Total *HK$'000*
At 1 January 2013	65,421	12,706	(4,187)	73,940
Profit and other comprehensive income for the year	–	–	15,000	15,000
Dividend *(Note 13)*	–	–	(10,000)	(10,000)
At 31 December 2013 and 1 January 2014	**65,421**	**12,706**	**813**	**78,940**
Profit and other comprehensive income for the year	**–**	**–**	**161**	**161**
At 31 December 2014	**65,421**	**12,706**	**974**	**79,101**

Note: The capital reserve represents the difference between the nominal value of the shares issued for the acquisition of equity interests in the subsidiaries as part of re-organisation and the consolidated equity of the subsidiaries acquired by the Company.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Group as at 31 December 2014 and 2013 are as follows:

Name	Place of incorporation/ registration and operation	Issued and fully paid up ordinary share capital	Percentage of ownership interest attributable to the Company		Principal activities
			Direct	Indirect	
GR Holdings Limited	Samoa	US$100	100%	–	Investment holding
Gayety Limited	Hong Kong	HK$1	–	100%	Restaurant operations and license holding
Jubilant Company Limited	Hong Kong	HK$1	–	100%	Central procurement operations

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place of incorporation/ registration and operation	Issued and fully paid up ordinary share capital	Percentage of ownership interest attributable to the Company		Principal activities
			Direct	Indirect	
Red Seasons Limited	Hong Kong	HK$2	–	100%	Restaurant operations and license holding
Red Seasons Corporation Limited	Hong Kong	HK$2	–	100%	Restaurant operations and license holding
Red Seasons Catering Limited	Hong Kong	HK$2	–	100%	Restaurant operations and license holding
Tin Ho	Hong Kong	HK$800,000	–	70%	Restaurant operations and license holding
Blissful Dragon Limited	BVI	US$1	–	100%	Property holding
Red Seasons Developments Limited	Hong Kong	HK$2,100,000	–	100%	Restaurant operations and license holding
HMI	Hong Kong	HK$3,800,000	–	100% (2013: 60%) *(Note 34)*	Restaurant operations and license holding
Big Excellent Limited	Hong Kong	HK$1	–	100%	Restaurant operations and license holding
Food Idea Food Trading Limited	Hong Kong	HK$1	–	100%	Securities investments
Lucky Great Investment Limited*	Hong Kong	HK$3,750,000	–	83%	Investment holding
Nicecity#	Hong Kong	HK$50,000	–	48% *(Note)*	Production, sales and distribution of food products
Excellent Catering#	Hong Kong	HK$10,000	–	48% *(Note)*	Production, sales and distribution of food products

All subsidiaries are companies incorporated with limited liability in the respective places.

Subsidiaries acquired during the year ended 31 December 2014

* Subsidiaries incorporated during the year ended 31 December 2014

Note: Nicecity and Excellent Catering are owned as to 58% by Lucky Great Investment Limited, a 83% owned subsidiary of the Group. The Group can exercise control over Nicecity and Excellent Catering via its control over Lucky Great Investment Limited.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

None of the subsidiaries had issued any debt securities subsisting at the end of both years or at any time during both years.

At the end of the reporting period, the Group has other subsidiaries that are not individually material to the Group. The principal activities and principal place of business of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2014	2013
Investment holding	Hong Kong	**3**	3
Inactive	Hong Kong	**10**	6
Inactive	PRC	**1**	1
		14	10

37. EVENT AFTER THE END OF THE REPORTING PERIOD

(i) On 9 March 2015, the Company entered into a placing agreement with Orient Securities Limited, pursuant to which the Company has conditionally agreed to place, through Orient Securities Limited on a best effort basis, up to 160,000,000 shares to no less than six independent third parties at a price of HK$0.125 per share. Such placing has been completed as of the date of these financial statements. Further details were set out in the Company's announcement dated 9 March 2015 and 26 March 2015.

(ii) Subsequent to the end of the reporting period, there was a significant decline in the fair value of the equity securities.

SUMMARY OF FINANCIAL INFORMATION

	Year ended 31 December				
RESULTS	**2014**	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**464,924**	386,262	357,844	279,847	210,320
Profit before tax	**100,798**	28,867	29,974	27,975	14,455
Income tax expenses	**(20,160)**	(5,373)	(5,533)	(5,069)	(3,177)
Profit for the year	**80,638**	23,494	24,441	22,906	11,278

	As at 31 December				
ASSETS AND LIABILITIES	**2014**	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	**208,975**	94,036	84,198	66,004	35,854
Non-current assets	**76,944**	90,574	79,479	65,723	28,753
Total assets	**285,919**	184,610	163,677	131,727	64,607
Current liabilities	**61,376**	53,098	48,589	40,037	41,691
Non-current liabilities	**18,765**	4,139	2,026	2,869	2,242
Total liabilities	**80,141**	57,237	50,615	42,906	43,933
Net assets	**205,778**	127,373	113,062	88,821	20,674
Equity attributable to owners of the Company	**204,611**	124,411	110,205	86,812	18,667
Non-controlling interests	**1,167**	2,962	2,857	2,009	2,007
	205,778	127,373	113,062	88,821	20,674

The results and summary of assets and liabilities for the years ended 31 December 2010 which were extracted from the Prospectus have been prepared on a combined basis to indicate the results of the Group as if the group structure, at the time when the Company's shares were listed on the GEM of the Stock Exchange, had been in existence throughout those years.