

新煮意控股有限公司
FOOD IDEA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8179)

**ANNOUNCEMENT OF THE FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”)
OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK
EXCHANGE”)**

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

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This announcement, for which the directors (“Directors”) of Food Idea Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board (the “Board”) of Directors of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2016, together with the comparative figures in the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	<i>NOTES</i>	2016 HK\$'000	2015 <i>HK\$'000</i> (Restated)
Continuing operations			
Revenue	3	100,781	93,408
Other income	4	572	159
Cost of inventories consumed		(37,749)	(36,127)
Employee benefits expenses	5	(32,271)	(28,545)
Depreciation		(3,473)	(1,962)
Amortisation		(180)	(12)
Operating lease rentals and related expenses		(4,891)	(2,638)
Utilities expenses		(996)	(720)
Other losses	5	–	(4)
Loss on disposal of financial assets at fair value through profit or loss, net		(255,583)	(12,649)
(Loss) gain on fair value of financial assets at fair value through profit or loss, net		(32,616)	154,900
Loss on fair value of contingent consideration payable		(1,220)	(7,582)
Share option expenses		(2,880)	–
Other operating expenses		(47,309)	(32,114)
Share of (loss) profit of an associate		(38,154)	11,653
Finance costs	6	(4,729)	(616)
(Loss) profit before tax	5	(360,698)	137,151
Income tax credit (expenses)	7	39,884	(24,743)
(Loss) profit for the year from continuing operations		(320,814)	112,408

	<i>NOTES</i>	2016 HK\$'000	2015 HK\$'000 (Restated)
Discontinued operation			
Loss for the year from discontinued operation	<i>10</i>	<u>(11,616)</u>	<u>(22,103)</u>
(Loss) profit for the year		<u>(332,430)</u>	<u>90,305</u>
Other comprehensive expenses for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(31)	(26)
Share of foreign currency translation reserve of an associate		<u>(4,399)</u>	<u>(6,298)</u>
		<u>(4,430)</u>	<u>(6,324)</u>
Total comprehensive (expenses) income for the year		<u>(336,860)</u>	<u>83,981</u>
(Loss) profit for the year attributable to owners of the Company			
– from continuing operations		(320,921)	111,926
– from discontinued operation		<u>(11,344)</u>	<u>(21,677)</u>
		<u>(332,265)</u>	<u>90,249</u>
(Loss) profit for the year attributable to non-controlling interests			
– from continuing operations		107	482
– from discontinued operation		<u>(272)</u>	<u>(426)</u>
		<u>(165)</u>	<u>56</u>
		<u>(332,430)</u>	<u>90,305</u>
Total comprehensive (expenses) income for the year attributable to owners of the Company			
– from continuing operations		(325,351)	105,602
– from discontinued operation		<u>(11,344)</u>	<u>(21,677)</u>
		<u>(336,695)</u>	<u>83,925</u>
Total comprehensive (expenses) income for the year attributable to non-controlling interests			
– from continuing operations		107	482
– from discontinued operation		<u>(272)</u>	<u>(426)</u>
		<u>(165)</u>	<u>56</u>
		<u>(336,860)</u>	<u>83,981</u>
2016			
2015 (Restated)			
(Loss) earnings per share			
From continuing and discontinued operations			
Basic and diluted (<i>HK cents</i>)	<i>9</i>	<u>(46.9)</u>	<u>20.8</u>
From continuing operations			
Basic and diluted (<i>HK cents</i>)	<i>9</i>	<u>(45.3)</u>	<u>25.8</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	<i>NOTES</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		18,771	39,387
Goodwill		6,186	6,186
Intangible asset		4,456	4,636
Interest in an associate		55,274	97,827
Available-for-sale investment		1,000	2
Rental deposits	<i>11</i>	240	7,703
Deposits paid for acquisition of property, plant and equipment	<i>11</i>	10	3,387
Deferred tax assets		29	3,102
Loan to an associate		–	2,959
Loan receivables	<i>12</i>	73,565	56,500
		159,531	221,689
Current assets			
Inventories		367	8,215
Loan and interest receivables	<i>12</i>	82,310	73,187
Trade receivables	<i>11</i>	9,838	9,112
Loan to an associate		3,085	–
Amount due from an associate		20	29
Prepayments, deposits and other receivables	<i>11</i>	49,912	17,163
Income tax recoverable		232	3,034
Financial assets at fair value through profit or loss		92,892	422,569
Pledged bank deposits	<i>13</i>	2,017	3,531
Bank balances and cash	<i>13</i>	14,269	96,654
		254,942	633,494
Assets classified as held for sale		5,469	–
		260,411	633,494

	<i>NOTES</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current liabilities			
Trade payables	<i>14</i>	4,231	15,481
Other payables, accruals and deposits received	<i>14</i>	18,279	38,082
Provision for reinstatement costs		–	762
Income tax payable		–	362
Borrowings	<i>15</i>	3,564	35,769
		26,074	90,456
Liabilities associated with assets classified as held for sale		1,574	–
		27,648	90,456
Net current assets		232,763	543,038
Total assets less current liabilities		392,294	764,727
Non-current liabilities			
Contingent consideration payable		–	94,780
Promissory note	<i>15</i>	77,076	–
Provision for reinstatement costs		–	3,321
Deferred tax liabilities		138	40,227
		77,214	138,328
		315,080	626,399
Capital and reserves			
Share capital	<i>16</i>	7,988	6,528
Reserves		305,472	617,434
Equity attributable to owners of the Company		313,460	623,962
Non-controlling interests		1,620	2,437
		315,080	626,399

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Capital reserve HK\$'000 (Note (i))	Other reserve HK\$'000 (Note (ii))	Foreign currency translation reserve HK\$'000	Retained earnings (Accumulated loss) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2016	6,528	397,701	-	106	(1,154)	(6,330)	227,111	623,962	2,437	626,399
Loss for the year	-	-	-	-	-	-	(332,265)	(332,265)	(165)	(332,430)
Other comprehensive expenses for the year										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(31)	-	(31)	-	(31)
Share of foreign currency translation reserve of an associate	-	-	-	-	-	(4,399)	-	(4,399)	-	(4,399)
Total comprehensive expenses for the year	-	-	-	-	-	(4,430)	(332,265)	(336,695)	(165)	(336,860)
Recognition of equity-settled share based payments	-	-	2,880	-	-	-	-	2,880	-	2,880
Issue of new shares (Note 16)	1,306	18,670	-	-	-	-	-	19,976	-	19,976
Transaction costs attribute to the issue of new shares	-	(349)	-	-	-	-	-	(349)	-	(349)
Issue of shares upon exercise of share options (Note 16)	154	4,914	(1,382)	-	-	-	-	3,686	-	3,686
Disposal of subsidiaries	-	-	-	-	972	-	(972)	-	(652)	(652)
At 31 December 2016	<u>7,988</u>	<u>420,936</u>	<u>1,498</u>	<u>106</u>	<u>(182)</u>	<u>(10,760)</u>	<u>(106,126)</u>	<u>313,460</u>	<u>1,620</u>	<u>315,080</u>

	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 2015		3,200	65,421	106	(972)	(6)	136,862	204,611	1,167	205,778
Profit for the year		-	-	-	-	-	90,249	90,249	56	90,305
Other comprehensive expenses for the year										
Exchange differences arising on translation of foreign operations		-	-	-	-	(26)	-	(26)	-	(26)
Share of foreign currency translation reserve of an associate		-	-	-	-	(6,298)	-	(6,298)	-	(6,298)
Total comprehensive (expenses) income for the year		-	-	-	-	(6,324)	90,249	83,925	56	83,981
Acquisition of a subsidiary		-	-	-	-	-	-	-	2,114	2,114
Share of other reserve of an associate		-	-	-	(182)	-	-	(182)	-	(182)
Issue of new shares (Note 16)		3,328	338,560	-	-	-	-	341,888	-	341,888
Transaction costs attribute to the issue of new shares		-	(6,280)	-	-	-	-	(6,280)	-	(6,280)
Dividends to non-controlling interests (Note 8)		-	-	-	-	-	-	-	(900)	(900)
At 31 December 2015	<u>6,528</u>	<u>397,701</u>	<u>106</u>	<u>(1,154)</u>	<u>(6,330)</u>	<u>227,111</u>	<u>623,962</u>	<u>2,437</u>	<u>626,399</u>	

Notes:

- (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.
- (ii) Other reserve represents transactions with non-controlling interests, capital contributions from non-controlling interests and share of other reserve of an associate.

NOTES

1. GENERAL INFORMATION

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 GEM of 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 Room A, 6/F., CNT Tower, 338 Hennessy Road, Wan Chai, Hong Kong.

The Company's principal activity during the year was investment holding. The principal activities of its principal subsidiaries are set out in Note 39 to the Company's 2016 annual report ("2016 Annual Report").

The Group discontinued its operation in Chinese restaurant operation during the year ended 31 December 2016 following the completion of the disposal of GR Holdings Limited ("GR Holdings") and its subsidiaries (collectively referred to as "Disposal Group") on 1 August 2016 of which details were disclosed in Notes 12 and 37 to the 2016 Annual Report.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

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

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

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

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, issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle ⁵

¹ *Effective for annual periods beginning on or after 1 January 2017.*

² *Effective for annual periods beginning on or after 1 January 2018.*

³ *Effective for annual periods beginning on or after 1 January 2019.*

⁴ *Effective date not yet been determined.*

⁵ *Amendments to HKFRS 12 are effective for annual periods beginning on or after 1 January 2017, and Amendments to HKFRS 1 and Amendments to HKAS 28 are effective for annual periods beginning on or after 1 January 2018.*

The Directors anticipate that (i) the adoption of HKFRS 9 (2014), HKFRS 15 and HKFRS 16 may have significant impact on the consolidated financial statements of the Group; and (ii) the amendments to HKAS 7 will result in additional disclosure on the Group's financing activities. The Directors are in the process of accessing the abovementioned impacts and except as disclosed above, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker (the "CODM"), 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 CODM have been aggregated in arriving at the reporting segments of the Group.

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

- (i) Catering services – The operation of a chain of dessert catering restaurants.
- (ii) Food products operation – The production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei.
- (iii) Investments – Investments in securities.
- (iv) Money lending – The provision of money lending business.

An operating segment regarding the operation of a chain of Chinese restaurants was discontinued in the current year. The segment information relating to segment results reported does not include any amounts for this discontinued operation, which is described in more detail in Notes 12 and 37 to the 2016 Annual Report.

Notes:

- (a) The Group acquired the operation of a chain of dessert catering restaurants during the year ended 31 December 2015 and included under catering services segment.
- (b) The Group's money lending operation was newly introduced during the year ended 31 December 2015.

Segment turnover, revenue and results

Segment revenue represents revenue derived from the provision of dessert catering services, sales of food products, gross proceeds from the disposal of investments (for segment turnover only), dividend income and interest income from both the financial assets at fair value through profit or loss ("FVTPL") and the provision of money lending business.

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

Continuing operations

For the year ended 31 December

	Catering services		Food products operation		Investments		Money lending		Elimination		Consolidated	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
SEGMENT TURNOVER	<u>-</u>	<u>94</u>	<u>89,735</u>	<u>88,818</u>	<u>93,910</u>	<u>15,784</u>	<u>8,491</u>	<u>3,413</u>	<u>(156)</u>	<u>-</u>	<u>191,980</u>	<u>108,109</u>
SEGMENT REVENUE	<u>-</u>	<u>94</u>	<u>89,735</u>	<u>88,818</u>	<u>2,711</u>	<u>1,083</u>	<u>8,335</u>	<u>3,413</u>	<u>-</u>	<u>-</u>	<u>100,781</u>	<u>93,408</u>
External sales	-	94	89,735	88,818	2,711	1,083	8,335	3,413	-	-	100,781	93,408
Inter-segment sales	-	-	-	-	-	-	156	-	(156)	-	-	-
Total	<u>-</u>	<u>94</u>	<u>89,735</u>	<u>88,818</u>	<u>2,711</u>	<u>1,083</u>	<u>8,491</u>	<u>3,413</u>	<u>(156)</u>	<u>-</u>	<u>100,781</u>	<u>93,408</u>
Segment result	<u>(235)</u>	<u>(251)</u>	<u>1,665</u>	<u>1,288</u>	<u>(285,488)</u>	<u>143,282</u>	<u>6,852</u>	<u>2,855</u>	<u>-</u>	<u>3,021</u>	<u>(277,206)</u>	<u>150,195</u>
Unallocated income											305	143
Unallocated corporate expenses											(36,814)	(16,642)
Loss on fair value of contingent consideration payable	(1,220)	(7,582)	-	-	-	-	-	-	-	-	(1,220)	(7,582)
Share of (loss) profit of an associate	(38,154)	11,653	-	-	-	-	-	-	-	-	(38,154)	11,653
Share option expenses											(2,880)	-
Finance costs											(4,729)	(616)
(Loss) profit before tax											<u>(360,698)</u>	<u>137,151</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) from / profit earned by each segment without allocation of certain other income, central administrative costs, share option expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessments.

Segment assets and liabilities

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

As at 31 December

	Catering services		Food products operation		Investments		Money lending		Consolidated	
	2016 HK\$'000	2015 HK\$'000 (Restated)	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Restated)	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Restated)
ASSETS										
Segment assets	4,456	4,820	21,123	17,137	93,947	389,051	155,875	129,687	275,401	540,695
Interest in an associate	55,274	97,827	-	-	-	-	-	-	55,274	97,827
Loan to an associate	3,085	2,959	-	-	-	-	-	-	3,085	2,959
Amount due from an associate	20	29	-	-	-	-	-	-	20	29
Unallocated corporate assets									86,162	37,260
									419,942	678,770
Assets relating to discontinued operation									-	176,413
Consolidated total assets									<u>419,942</u>	<u>855,183</u>
LIABILITIES										
Segment liabilities	-	27	14,853	11,209	-	29,898	-	177	14,853	41,311
Promissory note	77,076	-	-	-	-	-	-	-	77,076	-
Contingent consideration payable	-	94,780	-	-	-	-	-	-	-	94,780
Unallocated corporate liabilities									12,933	51,044
									104,862	187,135
Liabilities relating to discontinued operation									-	41,649
Consolidated total liabilities									<u>104,862</u>	<u>228,784</u>

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

- all assets are allocated to operating segments other than certain property, plant and equipment, deferred tax assets, income tax recoverable, pledged bank deposits, bank balances and cash and other assets that cannot be allocated to a specific segment; and
- all liabilities are allocated to operating segments other than income tax payable, certain borrowings, deferred tax liabilities and other liabilities that cannot be allocated to a specific segment.

Geographical information

The Group's operations are located in Hong Kong (country of domicile), the People's Republic of China (the "PRC") and Singapore.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

Continuing operations

	Revenue from external customers for the year ended 31 December		Non-current assets (<i>Note</i>) as at 31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)		(Restated)
Hong Kong (country of domicile)	100,781	93,314	24,967	25,903
Singapore	–	–	4,456	4,636
PRC	–	94	55,274	97,827
	100,781	93,408	84,697	128,366

Note: Non-current assets excluded those relating to discontinued operations, financial instruments and deferred tax assets.

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 2016 and 2015.

Other segment information

For the year ended 31 December 2016

Continuing operations

	Catering services <i>HK\$'000</i>	Food products operation <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amount included in the measure of segment result or segment assets:						
Additions to non-current assets (Note)	-	577	-	-	9,659	10,236
Depreciation	-	812	-	-	2,661	3,473
Amortisation	180	-	-	-	-	180
Loss on fair value of financial assets at FVTPL, net	-	-	32,616	-	-	32,616
Loss on disposal of financial assets at FVTPL, net	<u>-</u>	<u>-</u>	<u>255,583</u>	<u>-</u>	<u>-</u>	<u>255,583</u>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interest income	(195)	(9)	-	-	-	(204)
Finance costs	4,076	268	324	-	61	4,729
Income tax expenses (credit)	<u>-</u>	<u>313</u>	<u>(40,197)</u>	<u>-</u>	<u>-</u>	<u>(39,884)</u>

Continuing operations

	Catering services <i>HK\$'000</i> (Restated)	Food products operation <i>HK\$'000</i>	Investments <i>HK\$'000</i> (Restated)	Money lending <i>HK\$'000</i>	Unallocated <i>HK\$'000</i> (Restated)	Consolidated <i>HK\$'000</i> (Restated)
Amount included in the measure of segment result or segment assets:						
Additions to non-current assets (Note)	97,302	123	–	–	12,816	110,241
Depreciation	305	537	–	–	1,120	1,962
Amortisation	12	–	–	–	–	12
Loss on disposal of property, plant and equipment	–	–	–	–	4	4
Gain on fair value of financial assets at FVTPL, net	–	–	(154,900)	–	–	(154,900)
Loss on disposal of financial assets at FVTPL, net	<u>–</u>	<u>–</u>	<u>12,649</u>	<u>–</u>	<u>–</u>	<u>12,649</u>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interest income	(59)	(5)	–	–	(31)	(95)
Finance costs	–	497	48	–	71	616
Income tax (credit) expenses	<u>–</u>	<u>(88)</u>	<u>24,794</u>	<u>–</u>	<u>37</u>	<u>24,743</u>

Note: Non-current assets excluded financial instruments and deferred tax assets. It included approximately HK\$4,648,000 (2016: Nil) from acquisition of subsidiaries for the year ended 31 December 2015.

4. OTHER INCOME

Continuing operations

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Bank interest income	9	36
Interest income from loan to an associate	195	59
Management fee income	140	–
Consultancy for income	101	–
Sundry income	127	64
	<u>572</u>	<u>159</u>

5. (LOSS) PROFIT BEFORE TAX

Continuing operations

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
(Loss) profit before tax has been arrived at after (crediting) charging:		
Dividend income (included in revenue)	<u>(2,711)</u>	<u>(1,083)</u>
Other losses:		
Loss on disposal of property, plant and equipment	<u>–</u>	<u>4</u>
Employee benefits expenses (including Directors' and chief executive's emoluments)		
Salaries, wages and other benefits	31,048	27,362
Contributions to retirement benefits schemes – defined contribution plan	<u>1,223</u>	<u>1,183</u>
	32,271	28,545
Share option expenses	<u>864</u>	<u>–</u>
	<u>33,135</u>	<u>28,545</u>
Auditor's remuneration	1,200	1,200
Operating lease rentals in respect of rented premises	<u>4,617</u>	<u>2,523</u>

6. FINANCE COSTS

Continuing operations

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Interests on borrowings	653	616
Interests on promissory note (<i>Note 15</i>)	<u>4,076</u>	<u>–</u>
	<u><u>4,729</u></u>	<u><u>616</u></u>

7. INCOME TAX (CREDIT) EXPENSES

Continuing operations

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Current income tax – Hong Kong:		
Current year provision	153	261
Over provision in prior years	<u>(194)</u>	<u>(112)</u>
	(41)	149
Deferred income tax	<u>(39,843)</u>	<u>24,594</u>
	<u><u>(39,884)</u></u>	<u><u>24,743</u></u>

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

Under the Law of 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.

8. DIVIDENDS

During the year ended 31 December 2015, interim dividends amounting to HK\$900,000 (2016: Nil) was paid by a non-wholly owned subsidiary of the Company to its non-controlling shareholders.

No dividend was paid or proposed by the Company during the year ended 31 December 2016 nor has any dividend been proposed since the end of the reporting period (2015: Nil).

9. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2016 <i>HK\$000</i>	2015 <i>HK\$000</i>
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share, being (loss) profit for the year attributable to the owners of the Company	<u><u>(332,265)</u></u>	<u><u>90,249</u></u>
	2016	2015 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u><u>707,922,190</u></u>	<u><u>433,276,640</u></u>

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share has been adjusted for the share consolidation on 28 June 2016.

Diluted loss per share for the year ended 31 December 2016 was the same as the basic loss per share. The computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share for the year ended 31 December 2016.

Diluted earnings per share for the year ended 31 December 2015 was the same as the basic earnings per share as there was no dilutive potential ordinary shares outstanding.

From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	2016 <i>HK\$000</i>	2015 <i>HK\$000</i> (Restated)
(Loss) earnings		
(Loss) profit for the year attributable to the owners of the Company for the purpose of basic and diluted (loss) earnings per share	<u><u>(332,265)</u></u>	<u><u>90,249</u></u>
<i>Add:</i> loss for the year from discontinued operation	<u><u>11,344</u></u>	<u><u>21,677</u></u>
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the year attributable to the owners of the Company from continuing operations	<u><u>(320,921)</u></u>	<u><u>111,926</u></u>

2015
(Restated)

2016

Number of shares

Weighted average number of ordinary shares
for the purpose of basic and diluted (loss)
earnings per share

	707,922,190	433,276,640
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From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK1.6 cents per share (2015: HK5.0 cents per share), based on the loss for the year from discontinued operation of approximately HK\$11,344,000 (2015: HK\$21,677,000) and the denominators detailed above for both basic and diluted loss per share.

10. DISCONTINUED OPERATION

Pursuant to the sale and purchase agreement entered into on 10 March 2016 (the “Sales and Purchase Agreement”), the Company agreed to dispose of its entire issued share capital of GR Holdings, one of its subsidiaries, and all the liabilities, obligations and indebtedness due by the Disposal Group to the remaining group (the “Sale Loan”) to Mr. Wong Kwan Mo (“Mr. Wong”) and Ms. Lau Lan Ying (“Ms. Lau”) (collectively referred to as the “Former Directors”) who were the former executive directors and the substantial shareholders of the Company as at 31 December 2016, which constituted a very substantial transaction of the Company. The Disposal Group carried out all of the Group’s Chinese restaurant operation in Hong Kong. In the opinion of the Directors, as the operating and economic environment for restaurant industry was deteriorating, the catering services of the Disposal Group was challenged by high food costs, high rent and high labour costs for recruiting and retaining employees, the Group therefore disposed of the Disposal Group during the year ended 31 December 2016. The consideration is same as the net asset value of the Disposal Group and the Sale Loan at the completion date, i.e. 1 August 2016 and will be settled by cash in 2017.

Following the completion of the disposal of the Disposal Group, the Group discontinued all its operation in the Chinese restaurant operation in Hong Kong. The loss for the year from the discontinued operation was set out below:

	2016	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
Loss of the discontinued operation for the year	11,616	22,103

The results of the discontinued operation for the period from 1 January 2016 to 1 August 2016, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the period ended 1 August 2016 <i>HK\$'000</i>	For the year ended 31 December 2015 <i>HK\$'000</i>
Revenue	185,287	372,244
Other income	435	837
Cost of inventories consumed	(52,549)	(114,140)
Employee benefits expenses	(71,008)	(135,127)
Depreciation	(7,998)	(20,264)
Operating lease rentals and related expenses	(28,613)	(48,290)
Utilities expenses	(14,202)	(27,281)
Other losses, net	(2,658)	(7,915)
Loss on disposal of financial assets		
at fair value through profit or loss, net	(12)	(428)
Loss on fair value of financial assets		
at fair value through profit or loss, net	(2,653)	(3,576)
Other operating expenses	(16,887)	(34,607)
Finance costs	(115)	(207)
Loss before tax	(10,973)	(18,754)
Income tax expenses	(643)	(3,349)
Loss for the period/year	<u>(11,616)</u>	<u>(22,103)</u>

Income tax expenses from the discontinued operation included the followings:

	For the period ended 1 August 2016 HK\$'000	For the year ended 31 December 2015 HK\$'000
Current income tax – Hong Kong:		
Current year provision	996	3,374
Deferred income tax	<u>(353)</u>	<u>(25)</u>
	<u>643</u>	<u>3,349</u>

Loss for the period / year from the discontinued operation included the following:

	For the period ended 1 August 2016 HK\$'000	For the year ended 31 December 2015 HK\$'000
Bank interest income	<u>(6)</u>	<u>(5)</u>
Other losses, net:		
Impairment loss of property, plant and equipment	–	8,457
Written-off of property, plant and equipment	2,731	–
Gain on disposal of property, plant and equipment	<u>(73)</u>	<u>(542)</u>
	<u>2,658</u>	<u>7,915</u>
Employee benefits expenses		
Salaries, wages and other benefits	65,398	129,330
Contributions to retirement benefits schemes – defined contribution plan	<u>5,610</u>	<u>5,797</u>
	<u>71,008</u>	<u>135,127</u>
Kitchen consumables (included in the operating expenses)	1,545	2,382
Cleaning expenses (included in other operating expenses)	1,959	3,990
Operating lease rentals in respect of rented premises	<u>23,195</u>	<u>38,829</u>

During the year, the Disposal Group paid approximately HK\$8,772,000 (2015: HK\$24,457,000) to the Group's net operating cash flows, paid approximately HK\$4,742,000 (2015: HK\$652,000) in respect of investing activities and paid approximately HK\$59,936,000 (2015: generated HK\$74,282,000) in respect of financing activities. The carrying amounts of the assets and liabilities of the Disposal Group at the date of disposal are disclosed in Note 37 to the 2016 Annual Report.

11. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current		
Rental deposits	240	7,703
Deposit paid for acquisition of property, plant and equipment	<u>10</u>	<u>3,387</u>
	<u>250</u>	<u>11,090</u>
Current		
Trade receivables	<u>9,838</u>	<u>9,112</u>
Consideration receivable	48,175	–
Prepayments, deposits and other receivables (<i>Note</i>)	<u>1,737</u>	<u>17,163</u>
	<u>49,912</u>	<u>17,163</u>
	<u>59,750</u>	<u>26,275</u>

Note: Included in the balance as at 31 December 2016 was approximately HK\$498,000 (2015: HK\$498,000) due from a non-controlling interest. The amount was interest-free, unsecured and repayable on demand.

The ageing 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days and neither past due nor impaired	7,775	9,110
31 – 60 days	<u>2,063</u>	<u>2</u>
	<u>9,838</u>	<u>9,112</u>

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 the Group's trade receivables balance were receivables of approximately HK\$2,063,000 (2015: HK\$2,000) that were past due as at 31 December 2016 for which the Group has not provided for impairment loss because there is no recent history of default.

The ageing analysis of trade receivables which are past due but not impaired is set out below:

	2016 HK\$'000	2015 <i>HK\$'000</i>
1 – 30 days	<u>2,063</u>	<u>2</u>

12. LOAN AND INTEREST RECEIVABLES

	2016 HK\$'000	2015 <i>HK\$'000</i>
Fixed-rate loan receivables	154,315	128,178
Interest receivables	<u>1,560</u>	<u>1,509</u>
	<u>155,875</u>	<u>129,687</u>
Loan receivables analysed for reporting purpose as:		
Non-current asset	73,565	56,500
Current asset	<u>82,310</u>	<u>73,187</u>
	<u>155,875</u>	<u>129,687</u>

The Group seeks to maintain strict control over its outstanding loan and interest receivables so as to minimise credit risk. The granting of loans is subject to approval by the Directors and/or the director of the subsidiary, where appropriate, whilst overdue balances are reviewed regularly by senior management of the Company.

The Group holds real estates, equity securities or corporate bond as collaterals for the loan and interest receivables. In the event of default or failure to repay any outstanding amounts by the debtors, the Group will proceed with sale of collaterals. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends.

The loan and interest receivables are due from a few independent individuals and over 99% (2015: 100%) of the balances are secured by the collaterals at 31 December 2016.

The loans provided to debtors bore fixed interest rate ranging from 3% to 24% (2015: 3% to 24%) per annum and will be repayable on maturity with a maturity period ranged from 1 month to 5 years (2015: 1 month to 3 years).

Included in the balance as at 31 December 2016 was approximately HK\$1,400,000 (2015: HK\$1,400,000) due from a non-controlling interest. The amount bore a fixed interest rate of 6% (2015: 6%) per annum, secured by a property located in Hong Kong and will be repayable in 2017 (2015: repayable in 2016).

Certain individual loan receivables are significant and the terms and conditions of such loan receivables are disclosed in the Company's announcements dated 19 June 2015, 16 October 2015, 3 June 2016, 17 June 2016, 5 August 2016 and 30 December 2016 respectively.

A maturity profile of the loan and interest receivables at the end of the reporting periods, based on the maturity date, is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within one year	82,310	73,187
After one year but within two years	56,202	56,500
After two years but within five years	17,363	–
	<u>155,875</u>	<u>129,687</u>

The ageing analysis of loan and interest receivables based on the loans draw down date at the end of the reporting periods is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 30 days	25,330	3,180
31– 60 days	5,054	29,189
61– 90 days	45	53,627
Over 90 days	125,446	43,691
	<u>155,875</u>	<u>129,687</u>

The ageing analysis of loan and interest receivables based on the due date at the end of the reporting periods is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	139,549	117,366
Past due:		
1 – 90 days	124	629
91 – 180 days	127	358
181 – 365 days	4,006	11,334
Over 1 year	12,069	–
	<u>155,875</u>	<u>129,687</u>

Included in the Group's loan and interest receivables are debtors with aggregate amount of approximately HK\$16,326,000 (2015: HK\$12,321,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Directors believed that the amount was recoverable, after taking into account of the subsequent settlement and the recent market price of properties similar to the collateral being sufficient to cover the outstanding balance as at 31 December 2016 and 2015.

13. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

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

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately HK\$2,017,000 (2015: HK\$2,008,000) have been pledged to secure bank overdrafts and short-term bank borrowings and are therefore classified as current assets. The remaining deposits of approximately HK\$1,523,000 as at 31 December 2015 were pledged to secure short-term rental deposits upon landlord's request and were therefore classified as current assets.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	<u>4,231</u>	<u>15,481</u>
Payables for acquisition of property, plant and equipment	2,200	1,166
Other payables	895	2,864
Consideration payable	–	2,200
Accruals	9,141	25,940
Deposits received	<u>6,043</u>	<u>5,912</u>
	<u>18,279</u>	<u>38,082</u>
	<u><u>22,510</u></u>	<u><u>53,563</u></u>

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.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	3,160	12,171
31 – 60 days	1,071	3,259
61 – 90 days	–	20
Over 90 days	–	31
	<u>4,231</u>	<u>15,481</u>

Included in trade payables as at 31 December 2015 was amounts due to companies controlled by the Former Directors of approximately HK\$1,319,000 (2016: Nil) which were interest-free, unsecured and repayable within 30 days after the end of the month in which the relevant purchases were made.

Included in accruals as at 31 December 2016 were disbursements payable to an executive director of the Company amounting to HK\$24,000 (2015: HK\$575,000) and accrued Director's emolument amounting to HK\$86,000 (2015: HK\$86,000).

15. BORROWINGS/PROMISSORY NOTE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Borrowings		
Mortgage loan, repayable on demand	–	1,858
Instalment loan, repayable on demand	166	1,166
Bank loans (<i>Note</i>)	1,512	30,848
Bank overdrafts	486	497
	<u>2,164</u>	<u>34,369</u>
Secured bank borrowings	1,400	1,400
Unsecured other borrowing	3,564	35,769
	<u>77,076</u>	<u>–</u>
Promissory note	77,076	–

Note: During the year ended 31 December 2015, the Group obtained new loans in the amount of approximately HK\$29,898,000. The loans bore interest at 1.25% per annum above base rate ("Base Rate") set up by the bank and will be repayable in 2016. The proceeds were used to finance the acquisition of financial assets at FVTPL. The loan was fully repaid during the year ended 31 December 2016.

The facility agreements of mortgage loan and instalment loan 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 bank borrowings that are repayable on demand:

	Mortgage loan	Instalment loan
Carrying amount (<i>HK\$'000</i>)		
– 31 December 2016 (<i>Note</i>)	–	166
– 31 December 2015	1,858	1,166
Contractual instalments	120	36
Outstanding instalments		
– 31 December 2016 (<i>Note</i>)	–	2
– 31 December 2015	72	14

Note: As at 31 December 2016, the mortgage loan was reclassified to liabilities associated with assets classified as held for sale.

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

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	3,564	34,029
After one year but within two years	–	461
After two years but within five years	–	944
More than five years	–	335
	<u>3,564</u>	<u>35,769</u>

Mortgage loan carried interest at Hong Kong Prime Rate (“Prime Rate”) less 1.75% per annum (2016: Nil) for the year ended 31 December 2015.

Instalment loan carries interest at Prime Rate plus 0.5% (2015: Prime Rate to Prime Rate plus 0.5%) per annum.

Bank loans carry interest at standard bill rate plus 0.25% (2015: Prime Rate/Base Rate plus 0.25% to 1.25%) per annum.

Bank overdrafts carry interest at Prime Rate plus a margin of 2% (2015: 0.5% to 2%) per annum.

Unsecured other borrowing is due to a non-controlling interest, carries interest at a fixed rate of 6% (2015: 6%) per annum and repayable on 16 November 2017 (2015: 16 November 2016).

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

	2016	2015
	HK\$'000	HK\$'000
Mortgage loan	–	3.5%
Instalment loan	5.75%	5.75%
Bank loans	6%	1.686% to 6%
Bank overdrafts	7.25%	7.25%
Unsecured other borrowing	6%	6%

As at 31 December 2016, the Group had aggregate banking facilities of approximately HK\$2,867,000 (2015: HK\$48,510,000) for loans and other facilities (including letter of guarantee). Unused facilities as at the same date amounted to approximately HK\$703,000 (2015: HK\$11,299,000). These facilities were secured by:

- (a) The Group's pledged bank deposits amounting to approximately HK\$2,017,000 (2015: HK\$3,531,000);
- (b) As at 31 December 2015, the Group's financial assets at FVTPL amounting to approximately HK\$55,357,000 (2016: Nil). The relevant securities were released upon the settlement of borrowings during the year ended 31 December 2016;
- (c) As at 31 December 2015, leasehold land and building with a carrying amount of approximately HK\$5,564,000 (2016: Nil). The security was reclassified upon the relevant borrowing reclassified to liabilities associated with assets classified as held for sale during the year ended 31 December 2016;
- (d) As at 31 December 2016 and 2015, limited guarantee from Hong Kong Mortgage Corporation Limited and the government of Hong Kong Special Administrative Region; and
- (e) As at 31 December 2016 and 2015, unlimited guarantees from a non-controlling shareholder and a director of a subsidiary.

As at 31 December 2015, certain business credit cards were guaranteed by the Former Directors and a non-controlling interest, to the extent of HK\$136,000 (2016: Nil) in aggregate.

Promissory note

The Company issued a promissory note of HK\$96,000,000 bearing interest at the Prime Rate from time to time quoted from the The Hongkong and Shanghai Banking Corporation Limited plus 1% per annum on 1 April 2016 regarding the acquisition of Brilliant Forever Limited. The promissory note is denominated in Hong Kong dollars and will mature on the second anniversary from the date of issue of the promissory note with an early redemption right for the Company. For details terms of the promissory note, please refer to the circular dated 27 March 2015. The Directors are in the opinion that the fair value of the early redemption right is insignificant as at 31 December 2016.

HK\$'000

Issue of promissory note during the year ended 31 December 2016	96,000
Interest charge (<i>Note 6</i>)	4,076
Settlement during the year	<u>(23,000)</u>
Balance as at 31 December 2016	<u><u>77,076</u></u>

16. SHARE CAPITAL

	Nominal value	Number of shares	Share capital HK\$'000
Authorised			
Ordinary shares			
At 1 January 2015, 31 December 2015 and 1 January 2016	0.001	100,000,000,000	100,000
Share consolidation (<i>Note (v)</i>)		<u>(90,000,000,000)</u>	<u>–</u>
At 31 December 2016	0.01	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid			
Ordinary shares			
At 1 January 2015	0.001	3,200,000,000	3,200
Placing of new shares (<i>Note (i)</i>)	0.001	160,000,000	160
Placing and subscription of new shares (<i>Note (ii)</i>)	0.001	480,000,000	480
Issue of shares under rights issue (<i>Note (iii)</i>)	0.001	1,920,000,000	1,920
Placing and subscription of new shares (<i>Note (iv)</i>)	0.001	<u>768,000,000</u>	<u>768</u>
At 31 December 2015 and 1 January 2016	0.001	6,528,000,000	6,528
Share consolidation (<i>Note (v)</i>)		<u>(5,875,200,000)</u>	<u>–</u>
		652,800,000	6,528
Placing of new shares (<i>Note (vi)</i>)	0.01	130,560,000	1,306
Issue of shares upon exercise of share options (<i>Note (vii)</i>)	0.01	<u>15,360,000</u>	<u>154</u>
At 31 December 2016	0.01	<u>798,720,000</u>	<u>7,988</u>

Notes:

- (i) On 9 March 2015, the Company entered into a private placing agreement with a placing agent for the placing of an aggregate 160,000,000 new ordinary shares of the Company at a placing price of HK\$0.125 per share. The gross proceeds raised amounted to HK\$20,000,000 (before transaction costs of approximately HK\$541,000) and resulted in the net increase in share capital and share premium of HK\$160,000 and HK\$19,299,000 respectively. The placing was completed on 26 March 2015. Details of the placing are set out in the Company's announcements dated 9 March 2015 and 26 March 2015 respectively.
- (ii) On 6 May 2015, the Company entered into a private placing and subscription agreement with a placing agent and KMW Investments Limited ("KMW"), a substantial shareholder of the Company, for the placing and subscription of an aggregate 480,000,000 new ordinary shares of the Company at a placing price of HK\$0.193 per share. The gross proceeds raised amounted to HK\$92,640,000 (before transaction costs of HK\$1,126,000) and resulted in the net increase in share capital and share premium of HK\$480,000 and HK\$91,034,000 respectively. The placing and subscription was completed on 19 May 2015. Details of the placing and subscription are set out in the Company's announcements dated 6 May 2015 and 19 May 2015 respectively.
- (iii) On 9 September 2015, 1,920,000,000 ordinary shares were issued and allotted to the shareholders of the Company on the basis of one right share for every two ordinary shares for consideration of HK\$0.105 per share. The gross proceeds raised amounted to HK\$201,600,000 (before transaction costs of approximately HK\$3,889,000) and resulted in the net increase in share capital and share premium of approximately HK\$1,920,000 and HK\$195,791,000 respectively. The right issue was completed on 9 September 2015. Details of the rights issue are set out in the Company's announcement dated 8 September 2015.
- (iv) On 18 December 2015, the Company entered into a private placing and subscription agreement with the placing agent and KMW for the placing and subscription of an aggregate 768,000,000 new ordinary shares of the Company at a placing price of HK\$0.036 per share. The gross proceeds raised amounted to HK\$27,648,000 (before transaction costs of approximately HK\$724,000) and resulted in the net increase in share capital and share premium of approximately HK\$768,000 and HK\$26,156,000 respectively. The placing and subscription was completed on 28 December 2015. Details of the placing and subscription are set out in the Company's announcement dated 28 December 2015.
- (v) Pursuant to an ordinary resolution passed on 27 June 2016, a share consolidation was approved by the shareholders that with effect from 28 June 2016, every 10 of the existing issued and unissued ordinary shares of HK\$0.001 each in the share capital of the Company were consolidated into 1 consolidated share having a par value of HK\$0.01 per share (the "Share Consolidation"). Immediately after the Share Consolidation, the authorised and issued and fully paid share capital of the Company comprised 10,000,000,000 and 652,800,000 consolidated shares of HK\$0.01 each respectively.

- (vi) On 29 July 2016, the Company entered into a private placing agreement with the placing agent for the placing of an aggregate 130,560,000 new ordinary shares of the Company to six independent third parties at a placing price of HK\$0.153 per share. The gross proceeds raised amounted to approximately HK\$19,976,000 (before transaction costs of approximately HK\$349,000) and resulted in the net increase in share capital and share premium of approximately HK\$1,306,000 and HK\$18,321,000 respectively. The placing was completed on 11 August 2016. Details of the placing are set out in the Company's announcements dated 29 July 2016 and 11 August 2016 respectively.

- (vii) During the year ended 31 December 2016, 15,360,000 share options had been exercised by holders at an exercise price of HK\$0.24 per option to subscribe for 15,360,000 ordinary shares of the Company at a total consideration of approximately HK\$3,686,000 in which the consideration was credited to share capital of approximately HK\$154,000 and share premium of approximately HK\$4,914,000. The share options reserve has been decreased by approximately HK\$1,382,000 and was transferred to share premium account.

All the new shares issued during the year rank pari passu with the existing shares in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's principal activities during the year were (i) catering services; (ii) production, sales and distribution of food products to supermarket chains in Hong Kong, (iii) investments in securities; and (iv) money lending business.

Despite significant efforts undertaken by the Group to expand its catering services, the Group suffered from the deteriorating financial results in light of the severe market competition, the weakening local economy and customer sentiments, and the rising costs of food, labour and rental in the past few years. In respect of the segment results in catering services of the Group, the catering services was the under-performed segment as compared with the other segments. Based on the annual report of the Company for the year ended 31 December 2015, the Group recorded a segmental loss of approximately HK\$13.21 million in catering services for the year ended 31 December 2015, as compared to the profit of approximately HK\$10.71 million for the year ended 31 December 2014.

Should the Company keep operating the Chinese restaurant business, apart from continuous operating loss, the Group will have to make substantial capital commitment due to refurbishment of certain restaurants whose rental contracts will expire and subject to renewal in the upcoming few years.

Having considered (i) the deteriorating results of the Chinese restaurant business which has already exerted a significant pressure on the overall profitability of the Group; (ii) the estimated capital expenditures to be undertaken by the Group as mentioned above; and (iii) the unfavourable market conditions surrounding the restaurant business in Hong Kong, the Board considers that the disposal of the Chinese restaurant business (the "Disposal") represented a good opportunity not only to dispose of its loss-making business but also to unlock the maximum value for the shareholders.

Remaining businesses of the Group after the Disposal

The Disposal was completed on 1 August 2016. Following the Disposal, the remaining businesses of the Group comprise food products operation, investments in securities, money lending business and dessert catering business.

Food products operation

The food products operation had a steady growth during the year.

For the year ended 31 December 2016, the food products operation recorded revenue of approximately HK\$89.74 million (2015: HK\$88.82 million) with a segment profit of approximately HK\$1.67 million (2015: HK\$1.29 million).

Securities Investment Business

As at 31 December 2016, the Group had a portfolio of securities investment of approximately HK\$92.89 million (2015: HK\$422.57 million) and approximately HK\$66.32 million (2015: HK\$359.79 million) of which were equity securities listed in Hong Kong. During the year, the Group recorded a net unrealised loss of approximately HK\$32.62 million from continuing operations and net unrealised loss of approximately HK\$2.65 million from discontinued operation (2015: net unrealised gain of approximately HK\$154.90 million from continuing operations and net unrealised loss of approximately HK\$3.58 million from discontinued operation) in its entire securities investment.

Details of the investments and unrealised fair value change of equity securities listed in Hong Kong are as follows:

Company name/Stock code	As at 31 December 2016				As at 31 December 2015			
	% of shareholding of the respective share	Change on fair value	Fair value as at 31 December 2016	% to the total assets of the Group	% of shareholding of the respective share	Change on fair value	Fair value as at 31 December 2015	% to the total assets of the Group
		HK\$'000	HK\$'000			HK\$'000	HK\$'000	
From continuing operations								
GreaterChina Professional Services Limited (8193)	0.79%	(3,520)	24,640	5.87%	0.68%	(2,536)	25,080	2.93%
Season Pacific Holdings Limited (8127)	0.10%	4,930	13,460	3.21%	-	-	-	-
L & A International Holdings Limited (8195) ("L&A")	3.71%	(24,618)	10,440	2.49%	2.62%	174,234	273,946	32.03%
China 33 Media Group Limited (8087)	0.83%	432	5,424	1.29%	0.83%	(5,056)	4,992	0.58%
Unity Investments Holdings Limited (913)	1.75%	(2,318)	4,667	1.11%	-	-	-	-
Major Holdings Limited (1389)	0.15%	(2,559)	4,387	1.04%	0.39%	2,346	14,245	1.67%
China Environmental Energy Investment Limited (986)	1.82%	(5,882)	3,298	0.79%	1.82%	(5,280)	9,180	1.07%
Huatai Securities Co., Ltd. (6886)	0.00%	(1)	6	0.00%	0.00%	(3)	7	0.00%
China Properties Investment Holdings Limited (736)	-	-	-	-	2.10%	(5,847)	11,118	1.30%
China Construction Bank Corporation (939)	-	-	-	-	0.00%	171	10,732	1.25%
China Life Insurance Company Limited (2628)	-	-	-	-	0.00%	(734)	4,208	0.49%
Hong Kong Exchanges and Clearing Limited (388)	-	-	-	-	0.00%	(1,032)	3,539	0.41%
China Jicheng Holdings Limited (1027)	-	-	-	-	0.01%	(311)	2,740	0.32%
Total		(33,536)	66,322			155,952	359,787	

During the year, the Group recorded a net realised loss of approximately HK\$255.58 million from continuing operations and net realised loss of approximately HK\$0.01 million from discontinued operation (2015: net realised loss of approximately HK\$12.65 million from continuing operations and net realised loss of approximately HK\$0.43 million from discontinued operation) in its entire securities investment.

Details of the (loss) gain on disposal of equity securities listed in Hong Kong are as follows:

Company Name/Stock Code	For the year ended 31 December 2016	
	(Loss) gain on disposal	% to the loss before tax from continuing operations of the Group
	<i>HK\$'000</i>	
L&A	(261,636)	72.54%
Luen Wong Group Holdings Limited (8217)	10,332	N/A
China Properties Investment Holdings Limited (736)	(6,880)	1.91%
China Properties Investment Holdings Limited RTS (2989)	2,040	N/A
China Construction Bank Corporation (939)	1,818	N/A
Others	(933)	0.26%
	<u>(261,636)</u>	<u>72.54%</u>

As at 1 January 2016, the investment in equity securities listed in Hong Kong included mainly L&A shares. The Group was aware of the trading price of the L&A shares being extremely volatile in early July 2016. Having regard to the market conditions and the trading price of L&A shares, the Group disposed of all the on-hand L&A shares on 6 July 2016 and recorded a realised loss of approximately HK\$261.64 million. Despite the fact that a substantial realised loss was recorded in the current year for the disposal of L&A shares, a realised gain of approximately HK\$6 million was recognised when the sales proceeds of the disposal was compared with the acquisition costs of the abovementioned L&A shares. Therefore, the Board considered that the disposal was beneficial to the Group. Details of the disposal of L&A shares are set out in the Company's announcements dated 6 July 2016 and 8 July 2016.

The Group's investment portfolio is subject to the volatility of the market. The management will cut losses on certain investments which will be in vulnerable position and keep those with better prospect.

The Group will continue to monitor the existing portfolio closely to maximise the return prospect for the investments.

Money Lending Business

Since the commencement of the money lending business in June 2015, the Group's money lending business has grown in a rapid pace. During the year, it had generated interest income of approximately HK\$8.33 million (2015: HK\$3.41 million) and recorded a segment profit of approximately HK\$6.85 million (2015: HK\$2.86 million).

An aggregate loan of approximately HK\$342.37 million (2015: HK\$234.34 million) with effective interest rate ranging from 3% to 24% per annum (2015: 3% to 24% per annum) had been built up by Group during the year, of which approximately HK\$188.05 million (2015: HK\$106.16 million) was repaid by its customers. As at 31 December 2016, the outstanding loan receivables of the Group amounted to approximately HK\$154.32 million (2015: HK\$128.18 million). All loans advanced by the Group are either secured by mortgages, legal charges over listed securities in Hong Kong or secured by personal guarantee.

Dessert Catering Business

The Group started its expansion, through its associate (the "Lucky Dessert Group"), into the dessert catering business, "Lucky Dessert 發記甜品" in the People's Republic of China (the "PRC") in 2015.

However, the opening progress of dessert catering restaurants cannot keep pace with the original plan. Given (i) the economy of the PRC experienced slowdown since the commencement of the dessert catering business; (ii) the consumption sentiment in the PRC remained lackluster; (iii) the fierce competition in dessert industry in the PRC, which was further intensified by the emergence of e-commerce platform such as "We Chat Ordering and Payment", "Ele.Me", "Meituan Waimai", "Alipay" and "Dianping.com Instant Meal Discounts" and the change of consumption pattern to online channel; (iv) growing numbers of shopping malls being developed in cities which led to a diversification of customer flow in each shopping mall and (v) the continuous rising in the operating costs, such as rental expenses and labour costs in the PRC, the Lucky Dessert Group had encountered difficulties in either obtaining desirable restaurant sites for self-operated retail stores or secured sub-franchising agreements on commercially acceptable terms. These factors materially and adversely affected the growth strategy and the expected results.

Included in the interest in an associate of an intangible asset of approximately HK\$146 million represented the cost of trademarks licensing rights “Lucky Dessert 發記甜品”, the exclusive rights to use and to grant the license to third parties for using the trademarks to conduct dessert catering business in the PRC for a term of 15 years commencing from 29 September 2014. As a result of the abovementioned factors, the Group recognised a share of loss of an associate of approximately HK\$38.15 million for the year ended 31 December 2016, of which approximately HK\$29.80 million and HK\$7.05 million represented the impairment and amortisation of the trademarks licensing rights after netting off against the corresponding deferred tax credit of approximately HK\$12.28 million in aggregate.

As at 31 December 2016, the Lucky Dessert Group had one self-operated dessert catering restaurant and licence rights were granted to two operators to operate another three in Tianjin and Taiyuan, Shanxi.

The Lucky Dessert Group will decisively discontinue or adjust the business of outlets with subpar revenue contribution after careful assessment. Resources will be concentrated on existing profitable restaurants to boost revenue. The management reckons that Lucky Dessert possesses the distinctive attributes to be a competitive brand in China’s causal catering industry.

Financial Review

During the year ended 31 December 2016, the Group’s revenue from continuing operations amounted to approximately HK\$100.78 million which was approximately 8% higher than that of the last year. The increment was mainly due to the rise in (i) revenue of food products operation; (ii) interest and dividend from investments in securities, and (iii) interest income (net of inter segment elimination) generated from the money lending business segment to approximately HK\$89.74 million, HK\$2.71 million and HK\$8.33 million respectively for the year ended 31 December 2016 (2015: HK\$88.82 million, HK\$1.08 million and HK\$3.41 million respectively).

Loss attributable to the owners of the Company from continuing operations was approximately HK\$320.92 million for the year ended 31 December 2016, a significant drop as compared to the profit of approximately HK\$111.93 million in last year. Such significant drop was mainly attributable to (i) the net realised loss from financial assets at FVTPL amounting to approximately HK\$255.58 million for the year ended 31 December 2016; (ii) the drop of net unrealised gain on fair value change of financial assets at FVTPL from approximately HK\$154.90 million for the year ended 31 December 2015 to net unrealised loss of approximately HK\$32.62 million for the year ended 31 December 2016 and (iii) the share of loss of an associate of approximately HK\$38.15 million.

The cost of inventories consumed from continuing operations for the year ended 31 December 2016 amounted to approximately HK\$37.75 million (2015: HK\$36.13 million). The cost of inventories consumed was approximately 42% (2015: 41%) of the Group's revenue on food products operation businesses during the year. The Group will keep the strategy on bulk purchases of food raw materials from suppliers in order to enjoy a larger discount and achieved optimum food mixing.

Employee benefits expenses from continuing operations for the year ended 31 December 2016 amounted to approximately HK\$32.27 million (2015: HK\$28.55 million). The increase was mainly due to the development of money lending business and the wage adjustments to retain experienced staff under the inflationary environment during the year. 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 from continuing operations for the year ended 31 December 2016 amounted to approximately HK\$4.89 million (2015: HK\$2.64 million). The increase was mainly due to the new leasing of office premise and a yacht for business purpose.

Outlook and prospects

The management strives to diversify the Group's existing business and broaden its source of income.

For the food products operation, the management is committed to bolster the customer base. The Group continues to search for suitable sites with high traffic flow for expansion and will continue to review the performance of its concessionaire stores and close the underperforming locations.

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

The Group will actively seek for opportunities to expand its money lending business. The Board intends to expand its loan book by approximately HK\$150 million by the end of 2017, the then aggregate loans offered would be increased by approximately 44% as compared to 2016, subject to the assessment on the borrowers and the quality of collaterals.

The Group has been investing in different investment products, including bonds, funds and listed securities in Hong Kong and non-listed securities. The non-listed securities investment has been generating satisfying returns (e.g. interest and dividends) to the Group and therefore the Board intends to pursue and further invest in unlisted companies with growth potentials. The management will monitor the risk exposure regularly and adjust the investments portfolio when necessary, while selectively choose those with the most balanced risk and return potential.

The Group has also been approached by potential franchisees of the trademark “Lucky Dessert” for running the dessert catering business in the PRC. The Group will explore opportunities to further develop its dessert catering business.

Liquidity, Financial and Capital Resources

Capital structure

As at 31 December 2016, the share capital and equity attributable to owners of the Company amounted to approximately HK\$7,988,000 and HK\$313,460,000 respectively (2015: HK\$6,528,000 and HK\$623,962,000 respectively). Details of the capital risk management are set out in the Note 5 to the 2016 Annual Report.

Cash position

As at 31 December 2016, the carrying amount of the Group’s unpledged bank balances and cash was approximately HK\$14,269,000 (2015: HK\$96,654,000), representing a decrease of approximately 85% as compared to that as at 31 December 2015. The pledged bank deposits of approximately HK\$2,017,000 as at 31 December 2016 and HK\$3,531,000 as at 31 December 2015 were pledged to banks for the banking facilities of the Group.

Borrowings and charges on the Group’s assets

Details of borrowings and charges on the Group’s assets as at 31 December 2016 are set out in Note 28 to the 2016 Annual Report.

Dividends

During the year ended 31 December 2015, interim dividends amounting to HK\$900,000 (2016: Nil) was paid by a non-wholly owned subsidiary of the Company to its non-controlling shareholders.

No dividend was paid or proposed by the Company during the year ended 31 December 2016 nor has any dividend been proposed since the end of the reporting period (2015: Nil).

Purchase, Sale or Redemption of the Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the year ended 31 December 2016.

Event after the end of the Reporting Period

- (i) On 6 January 2017, the Company completed its placing of 159,744,000 shares to not less than six independent places at the placing price of HK\$0.144. The gross proceeds and net proceeds from the placing are approximately HK\$23,000,000 and HK\$22,800,000 respectively. Details of the placing are set out in the Company's announcements dated 20 December 2016 and 6 January 2017 respectively.

- (ii) The Company proposes to raise not less than approximately HK\$134 million and not more than approximately HK\$137 million (before expenses) on the basis of one rights share for every one ordinary share held, by issuing not less than 958,464,000 rights shares and not more than 975,104,000 rights shares at the subscription price of HK\$0.14 per rights share (the "Rights Issue").

On 28 February 2017, the Company entered into the underwriting agreement with the underwriters in respect of the Rights Issue and further details of the Rights Issue are set out in the Company's announcements dated 28 February 2017 and 23 March 2017 and the circular of the Company dated 25 March 2017.

The Rights Issue is not yet completed as of the date of this announcement.

Corporate Governance

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 2016, the Company has fully complied with all applicable provisions of the CG Code. Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" section of the 2016 Annual Report.

Audit Committee

The Company established the 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 CG Code as set out in Appendix 15 to the GEM Listing Rules. On 30 December 2015, the Board adopted a set of the revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement in relation to the internal control by introducing the concept of the risk management. The primary duties of the Audit Committee, among other things, are to assist the Board in overseeing and reviewing (i) the effectiveness of the Group's risk management and internal control systems and regulatory compliance of the Group; (ii) the integrity of the Company's financial statements and application of accounting standards and significant judgements contained in the financial statements; and (iii) the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors. As at 31 December 2016, the Audit Committee consists of three members, namely Mr. Li Fu Yeung, Mr. Tam Lok Hang and Mr. Kwan Wai Yin, William. Mr. Li Fu Yeung is the chairman of the Audit Committee. Ms. Chiu Man Yee ceased to act as a member of Audit Committee and Mr. Tam Lok Hang was appointed as a member of Audit Committee on 7 January 2016.

During the year, the Audit Committee performed duties including reviewing the financial reports and compliance procedures, the risk management and internal control systems and considering the re-election of auditor of the Company.

The Group's annual results for the year ended 31 December 2016 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 2016 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By order of the Board
Food Idea Holdings Limited
Wong Hoi Yu
Chairman and executive Director

Hong Kong, 27 March 2017

As at the date of this announcement, the Board comprises Mr. Wong Hoi Yu and Mr. Yu Ka Ho as executive Directors, and Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang as independent non-executive Directors.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of the Company at <http://www.foodidea.com.hk>.