新煮意控股有限公司
Food Idea Holdings Limited

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

Annual Report 2016

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This report, 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 report 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 report misleading.

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CORPORATE INFORMATION

Board of Directors

Executive Directors
Mr. Wong Hoi Yu *(Chairman)*
(appointed on 16 August 2016)
Mr. Yu Ka Ho *(Chief executive officer, "CEO")*
(appointed as CEO on 22 November 2016)
Mr. Wong Kwan Mo (resigned on 16 August 2016)
Ms. Lau Lan Ying (resigned on 22 November 2016)

Independent non-executive Directors
Mr. Li Fu Yeung
Mr. Kwan Wai Yin, William
Mr. Tam Lok Hang (appointed on 7 January 2016)
Ms. Chiu Man Yee (resigned on 7 January 2016)

Compliance Officer

Mr. Yu Ka Ho (appointed on 22 November 2016)
Ms. Lau Lan Ying (resigned on 22 November 2016)

Authorised Representatives

Mr. Yu Ka Ho (appointed on 22 November 2016)
Mr. Wong Tin King, Richard, *CPA, FCA*
Ms. Lau Lan Ying
(resigned on 22 November 2016)

Company Secretary

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

Audit Committee Members

Mr. Li Fu Yeung *(Chairman)*
Mr. Kwan Wai Yin, William
Mr. Tam Lok Hang (appointed on 7 January 2016)
Ms. Chiu Man Yee (resigned on 7 January 2016)

Remuneration Committee Members

Mr. Tam Lok Hang *(Chairman)*
(appointed on 7 January 2016)
Mr. Li Fu Yeung
Mr. Kwan Wai Yin, William
Ms. Chiu Man Yee (resigned on 7 January 2016)

Nomination Committee Members

Mr. Li Fu Yeung *(Chairman)*
Mr. Kwan Wai Yin, William
Mr. Tam Lok Hang (appointed on 7 January 2016)
Ms. Chiu Man Yee (resigned on 7 January 2016)

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Registered Office

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

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

Room A, 6/F
CNT Tower
338 Hennessy Road
Wanchai
Hong Kong

Hong Kong Share Registrars and Transfer Office

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square,
338 King' s Road, North Point, Hong Kong

Company Website

www.foodidea.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 the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2016.

It is very challenging for the catering industry in recent years as the consumption sentiment in Hong Kong and the People's Republic of China (the "PRC") remains lackluster. Having considered that the Chinese restaurant business in Hong Kong provides limited room for long-term growth and development for the Group, the disposal of the Chinese restaurant business (the "Disposal") represents a good opportunity to maximum the value of the shareholders. The Disposal was completed in August 2016. Following the Disposal, the Group is principally engaged in (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.

Money Lending Business

As disclosed in the Monthly Statistical Bulletin published by the Hong Kong Monetary Authority in December 2016, the total loans and advances of all authorised money lending institutions in Hong Kong increased from approximately HK$2,552 billion in January 2007 to approximately HK$7,896 billion in November 2016, indicating a rising demand in the money lending market in Hong Kong. The Group has also experienced an unexpected overwhelming demand for loans by borrowers and therefore has conducted two placings for a net proceeds of approximately HK$19.63 million and approximately HK$22.8 million in July 2016 and December 2016 respectively to meet such demands, of which the Group has fully utilised the net proceeds of the two placings for provision of loans to various individuals in January 2017, while the Group has received loan enquiries amounted to not less than HK$33 million over the recent months.

Since the commencement of the money lending business in June 2015 and up to 31 December 2016, it has generated interest income of approximately HK$12 million to the Group. In view of the interest income attributable to the Group and the growing demand of loans, the Board plans to further develop the money lending business.

Pursuant to our record, the aggregate loans offered was of approximately HK$234 million and HK$342 million as at 31 December 2015 and as at 31 December 2016 respectively, representing an increase of approximately 46%. All of our clients negotiated with the Group directly without involving any financial intermediaries. With regard to the recent combat on the illegal malpractices of financial intermediaries which charge exorbitant intermediary fees, the Board believes more borrowers will avoid using financial intermediaries and turn to deal with licensed money lenders which are more reliable and regulated, such as banks and licensed money lenders of listed companies directly.

Food Products Operation

The Group is engaged in the production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei to major supermarket chains. As at 31 December 2016, the Group operated a food processing factory in Tsuen Wan and over 60 concessionaire stores in Hong Kong. The Group can reach out to numerous customers in local supermarkets and achieve economies of scale through the bulk purchases from the suppliers.

The food products operation continues to achieve satisfactory return. It recognised a segment profit of approximately HK$1.7 million for the year ended 31 December 2016.

CHAIRMAN'S STATEMENT

Securities Investment Business

As at 31 December 2016, the Group's investment portfolio includes various listed and unlisted equity securities and funds in Hong Kong and overseas.

The Hang Seng Index closed at 22,000 at the end of December 2016, compared with 21,914 at the end of December 2015 and 20,794 at the end of June 2016. The financial markets experienced a high level of volatility due to the uncertainty of interest rate in the United States of America, the shockwaves following the unprecedented Brexit vote and the possible slowdown of the PRC economy. Investors concerned that the slowdown in economic growth in the PRC would have serious spill over effects on other major economies.

Due to the dramatic volatility of the market, the management had cut losses on certain investments which were in vulnerable position and kept those with potential prospect. As a result, the Group's continuing operations recorded a loss on disposal of financial assets at fair value through profit or loss ("FVTPL") of approximately HK$256 million for the year ended 31 December 2016. We will continue to monitor the existing positions closely to maximise the return prospect for our investments.

Dessert Catering Business

In recent years, the catering industry has indeed been changing in a more evident and quicker manner. Growing popularity of casual dining has brought substantial impact and challenges to the industry. With the view to enhancing and enriching the Group's business scope and product line, and thus bringing an additional stream of profit to the Group, the Group started its expansion, through its associate, into the dessert catering business, "Lucky Dessert 發記甜品" in the PRC in 2015.

However, the opening progress of dessert catering restaurants cannot keep pace with the original plan. As a result, the Group recognised a share of loss of an associate of approximately HK$38 million for the year ended 31 December 2016.

Nonetheless, the management reckons that Lucky Dessert possesses the distinctive attributes to be a competitive brand in China's causal catering industry.

Prospects

The Board always strives to improve the Group's business operations and financial position by proactively seeking potential investment opportunities that would diversify the Group's existing business portfolio and broaden its source of income, and enhance value to the shareholders.

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 and improve our results in the future.

Wong Hoi Yu
Chairman

Hong Kong, 27 March 2017

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

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

Executive Directors

Mr. Wong Hoi Yu (黃愷宇先生), aged 33, is the chairman of the Board and an executive Director. Mr. Wong was appointed as an executive Director on 16 August 2016. Mr. Wong obtained his bachelor's degree of science in Computer Science from Chu Hai College of Higher Education in Hong Kong in 2008. He has more than 7 years' solid marketing and management experience, including restaurant operations, recruitment, managing food and service quality, etc., from his previous employments in the catering industry in Hong Kong. Mr. Wong is responsible for the overall management, business development and strategic planning of the Group.

Mr. Yu Ka Ho (余嘉豪先生), aged 34, was appointed as an executive Director on 22 June 2015 and as a CEO, authorised representative and compliance officer of the Company on 22 November 2016. Mr. Yu was an independent non-executive Director, chairman of the audit committee ("Audit Committee"), and a member of the remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee") of the Company when the shares of the Company were listed on GEM in July 2011. He retired at the annual general meeting ("AGM") of the Company in May 2012 and was then appointed as vice president, business development department of Food Idea Group Limited, a wholly-owned subsidiary of the Company on 1 June 2012, and is currently a director of certain subsidiaries of the Group. He is responsible for business development, finance, accounting, human resources and marketing of the Group.

Independent Non-Executive Directors

Mr. Li Fu Yeung (李富揚先生), aged 37, was appointed an independent non-executive Director on 25 June 2011. He is also the chairman of the Nomination Committee and Audit Committee 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.

Mr. Kwan Wai Yin, William (關偉賢先生), aged 41, 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. 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.

Mr. Tam Lok Hang (譚諾恒先生), aged 34, was appointed an independent non-executive Director on 7 January 2016. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. Mr. Tam obtained his bachelor's degree in Business from Queensland University of Technology in 2006. He has more than 7 years' solid experience in auditing, finance and accounting gained from his previous employment in local and international CPA firms, listed and unlisted companies in Hong Kong. He is now an entrepreneur.

Senior Management

Mr. Wong Tin King, Richard（黃天競先生）, *CPA*, *FCA* aged 39, was appointed as chief financial officer, authorised representative and company secretary ("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 15 years of accounting experience accumulated from working for various professional accounting firms and listed company. Mr. Wong is responsible for the accounting and financial functions of the Group, including developing financial strategy to support the Group'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'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 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 % of shareholding of the respective share	Change on fair value HK$'000	Fair value as at 31 December 2016 HK$'000	% to the total assets of the Group	As at 31 December 2015 % of shareholding of the respective share	Change on fair value HK$'000	Fair value as at 31 December 2015 HK$'000	% to the total assets of the Group
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:

	For the year ended 31 December 2016 (Loss) gain on disposal HK$'000	% to the loss before tax from continuing operations of the Group
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%

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 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-commence 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 consolidated financial statements.

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.

Fund raising exercises of the Group during the past twelve months

The following are the fund raising activities of the Group during the past twelve months immediate preceding 31 December 2016:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
20 December 2016 (completed on 6 January 2017)	Placing of new shares	HK$22.8 million	For the development of the Group's money lending business	Provision of loans to less than 5 individuals which, in aggregate, amounted to over HK$22.8 million under various terms of not more than 1 year with interest rate from 5% to 10% per annum (subsequent to 31 December 2016)
29 July 2016	Placing of new shares	HK$19.63 million	For the development of the Group's money lending business	Provision of loans to less than 5 individuals which, in aggregate, amounted to over HK$19.6 million under various terms of not more than 1 year with interest rate from 5% to 12% per annum

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 consolidated financial statements.

Gearing ratio

Gearing ratio is calculated as net debt (borrowings and promissory note less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interest). The gearing ratio as at 31 December 2016 was 17%.

Gearing ratio was not applicable to the Group as at 31 December 2015 as the Group's bank balances and cash were more than its borrowings.

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK$"), except for certain dividend/interest income which are denominated in United States dollars ("US$"). Other than certain financial assets at FVTPL and the interest in an associate are denominated in US$ and Renmibi ("RMB") respectively, the Group's assets and liabilities are mainly denominated in HK$. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of US$, HK$ or RMB may have an impact on the financial results of the Group.

The management considers that the foreign exchange risk with respect to US$ is not significant as HK$ is pegged to US$. The exchange rate of RMB to HK$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

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

Saved as the Disposal completed on 1 August 2016, acquisition and disposal of financial assets at FVTPL disclosed elsewhere in this report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2016. Saved as disclosed elsewhere in this report, there is no plan for material investments or capital assets as at 31 December 2016.

Contingent Liabilities

Save as disclosed elsewhere in this annual report, the Group had no material contingent liabilities as at 31 December 2016 (2015: Nil).

Capital Commitments

Details of capital commitments of the Group as at 31 December 2016 are set out in Note 33 to the consolidated financial statements.

Employees and Emolument Policies

The Group had over 170 employees (including Directors) from continuing operations as at 31 December 2016 (2015: 170). 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 offers 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, having regard to the Group'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. Details of the share option scheme are set out in Note 31 to the consolidated financial statements.

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 2016.

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 39 to the consolidated financial statements. The Group is principally engaged in (i) catering services; (ii) productions, sales and distribution of food products to supermarket chains in Hong Kong; (iii) investments in securities; and (iv) money lending business.

Segment Information

Details of segment information of the Group for the year ended 31 December 2016 are set out in Note 7 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2016 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 47 to 149.

During the year, no interim dividend (2015: Nil) was declared and paid.

During the year, 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 2016 (2015: Nil). Further details of dividends are set out in Note 15 to the consolidated financial statements.

Business Review

A fair review of the business of the Group as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position can be found in the "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 4 to 5 and pages 8 to 14 respectively.

Principal Risks and Uncertainties

The Directors are aware that the Group is exposed to a variety of risks, some are specific to the business in which the Group operates while others are common risks that most businesses face. Procedures have been established by the Directors to ensure significant risks that may adversely affect the Group's operation and performance are identified and corresponding measures are in place to mitigate those risks. The following are the most significant risks identified as at 31 December 2016. If any of these events occur, the Group's businesses, financial conditions, results of operations and/or prospects of the Group could be materially and adversely affected. These key risks are by no means exhaustive or comprehensive, and there may be other risks, in addition to those highlighted below, which are not known by the Group or which may not appear significant now but could turn out to be so in the future. Key risks related to the Group's businesses and to the industries in which the Group operates include:

The Group's business is affected by changes in the economic, political and social conditions

As the Group generates income from its business and operation mainly in Hong Kong, the economic, political and social conditions in Hong Kong, together with the business environment and its development, will have a direct impact on the Group's financial performance and operational results. In addition, Hong Kong's economy and business environment is open to influences from conditions and developments of the world economy as well as the economic and business environment of other territories relevant to Hong Kong such as the PRC.

There is no assurance that any changes in the world economy or the economic, political, social and business environment in Hong Kong will continue to have a positive effect on the Group's business and operation in the future.

Money Lending Business

We are exposed to credit risks of our customers who may default on their loans

The Group engages in money lending business which provides financing to customers for earning interest income. The business is therefore subject to risks that the customers may fail to perform their contractual obligations and default on payment of interest and/or the principal. In the event that the customers are late with their payments, the Group's credit collection staff will contact such customers to remind them of their late repayment. Where, after multiple reminders, the customer does not repay such outstanding amounts, or where the Group is unable to locate such customer, the Group may consider commencing legal proceedings in order to enforce its secured interest against any such assets. If the customers delay or default on their payments, the Group may have to incur additional legal costs and expenses in order to enforce its security and/or make provision for impairment or write-off the relevant loans and interest receivables, which in turn may adversely affect its financial position and profitability.

The Group may fail to renew its money lenders licence

The Group's money lending business is subject to licensing requirements under the provisions of the Money Lenders Ordinance. Money lenders licences are granted by the Licensing Court and are renewable annually subject to satisfaction of all licensing conditions. The Licensing Court has the discretion to suspend or revoke a licence if a licensee is in breach of any licensing conditions. In the event that the Group is unable to renew its money lenders licence in a timely manner or if the Licensing Court or other relevant authorities do not approve the application for a renewal of its money lenders licence, the Group may not be able to operate its business until such time as the Group receives a new licence, which may have a material adverse effect on its financial condition and results of operation.

The Group may not be able to obtain sufficient funding to finance its money lending operation

Up to the date of this annual report, the Group's money lending business was primarily financed by (i) cash flow from the operating activities; and (ii) two placings for a net proceeds of approximately HK$19.63 million and approximately HK$22.8 million in July 2016 and December 2016 respectively. The Group may need additional capital to fund its expansion and growth and to increase its loan portfolio. There is no assurance that the Group will generate sufficient cash flow from the operating activities for the intended expansion plans. In the event that the Group does not have such operating cash flow, the Group may need to obtain alternative financing. However, as a result of actions taken by the Hong Kong government, as well as banks and financial institutions to prevent overheating in the property market since the end of 2013, the Group has experienced difficulties in obtaining financing from banks and financial institutions, which has resulted in the Group seeking more expensive financing alternatives and an increase in its finance costs.

There is no assurance that the Group will be able to obtain adequate financing from other sources on acceptable terms or at all. As the Group does not anticipate being able to obtain financing from banks and financial institutions in the near future, the Group may be required to seek more expensive financing alternatives which may result in an increase in its finance costs and adversely affect its financial position. In addition, any expansion plans will be limited by its capacity to obtain financing from sources other than banks or financial institutions and the Group may be required to scale back its planned expansion, which may adversely affect its ability to execute the planned growth strategy.

The value or the residual value of the pledged property may not be sufficient to cover the exposure of the loans

The Group have granted certain property mortgage loans, including first mortgage loans and subordinated mortgage loans to its customers. All of these outstanding balances were secured by properties pledged to the Group. However, if the value or the residual value of the mortgaged property declines and the borrower is unable to repay the full value of the loan, the safety margin of the Group's outstanding loans will be reduced and the risk of recovering its exposure to such loan will be increased. Failure to recover the Group's exposure to any loan would adversely affect the profitability of the money lending business.

The Group's business may be affected by changes in the Money Lenders Ordinance

The Group's business operation is regulated under the Money Lenders Ordinance and full compliance with such regulation is essential for us to carry on the money lending business. Notwithstanding this, the relevant regulatory authorities may from time to time amend the Money Lenders Ordinance or adopt new laws and regulations applicable to licensed money lenders in Hong Kong. The Group's operation, financial performance and business prospects may be materially and adversely affected if the Group is not able to comply with any changes and/or new requirements in applicable laws and regulations related to the money lending industry in Hong Kong.

Food products operation

Most of the Group's revenue from food products operation was derived from the concessionaire stores in supermarket chains in Hong Kong

Approximately 90% of the revenue from food products operation was derived from the concessionaire stores in supermarket chains in Hong Kong. The management anticipates that such business will remain core in the foreseeable future. As at 31 December 2016, we operated over 60 concessionaire stores in supermarket chains in Hong Kong.

Competition in the Hong Kong food products operation is keen, and the operating results may fluctuate from time to time subject to various factors, including customers' taste and economic performance. Most of these factors fall outside the Group's control. If we are not able to compete with the competitors, in terms of brand recognition, price levels and food and service quality, the business could be adversely affected.

Should the supermarket chains discontinue the concessionaire store agreements with the Group, the Group's operation, financial performance and business prospects may be materially and adversely affected.

Food safety issue

Given the nature of the food production industry, the Group faces an inherent risk of food contamination and product liability claims. Any outbreak of contamination, allegations of poor standards of hygiene or cleanliness, adverse publicity resulting from publication of industry findings or research reports in relation to any of food ingredients used by the Group could affect public confidence in the Group's food products that may lead to a loss in consumer confidence and reduction in consumption of the particular food product concerned. The Group may also have to incur additional costs in placating any customers or salvaging its reputation or may have to look for alternative sources of food supply which may be more costly.

Securities investments

The performance of the Group's securities investment business is determined by its investment decisions and judgement. Such are based on the management's assessment of existing and future market conditions. The management closely monitors the market value and financial performance of the Group's investment portfolio. If the decision-making for the investments fails, or actual changes in market conditions differ from the projection of the management, the securities investment business may suffer and not achieve the investment returns the Group anticipate, which would materially adversely affect the Group's business, financial condition and results of operations.

Catering Services

The Lucky Dessert Group's business depends significantly on the market recognition of the trademarks "Lucky Dessert 發記甜品" ("Trademarks"), and any damage to the Trademarks could materially and adversely impact the business and results of operations

The Lucky Dessert Group is the sole authorised franchisee of the Trademarks for fifteen years in the PRC under a trademarks licensing agreement dated 29 September 2014. Any incident that erodes consumer trust in or affinity for the Trademarks could significantly reduce its value. As the Lucky Dessert Group intends to expand geographically and grow in size, maintaining quality and consistency may become more difficult and there is no guarantee that customer confidence in the Trademarks will not diminish. If consumers perceive or experience a deterioration in the dessert quality, service, ambiance or believe in any way that the Lucky Dessert Group is failing to deliver a consistently positive experience, the value of the Trademarks could suffer, which could have a material adverse effect on the Lucky Dessert Group's business.

The Lucky Dessert Group's planned expansion into new markets in the PRC presents risks

The Lucky Dessert Group plans to open new restaurants in the PRC where it has limited operating experience. The markets in the PRC which the Lucky Dessert Group targets may have different business environments, competitive conditions, consumer preferences and discretionary spending patterns from the Group's existing markets in Hong Kong. It may be more difficult for the Lucky Dessert Group to hire, train and retain qualified employees in new markets who share the same business philosophy and culture. Dessert catering restaurants opened in new markets may also have lower average sales or higher set up and/or operating costs. In addition, the Lucky Dessert Group may face difficulties in finding reliable suppliers or distributors which supply food ingredients meeting the quality standards in the new markets. Sales at restaurants opened in new markets may take longer time to ramp up and reach, or may never reach, expected sales and profit levels, thereby affecting the overall profitability of the Lucky Dessert Group.

The Lucky Dessert Group's business depends on its success to deploy the franchise operation in the PRC

The Lucky Dessert Group intends to operate the franchise business under the Trademarks in the PRC. Before the Lucky Dessert Group embarks for the franchise business, the Lucky Dessert Group shall comply with certain laws and regulations in the PRC. There is no assurance that the Lucky Dessert Group could obtain the right to operate the franchise business in accordance with its business plan timeline. Should the Lucky Dessert Group fail to deploy its business plan in a timely manner, this will have a material adverse effect on the Lucky Dessert Group's profitability and its ability to continue carrying on its business.

The Lucky Dessert Group operates in a highly competitive industry

The Lucky Dessert Group's dessert catering restaurants compete with other similar restaurants targeting the same or similar group of customers, on the basis of taste, quality, price, customer service and ambience, etc. The Lucky Dessert Group competes with new entrants and competitors with longer operating histories. The Lucky Dessert Group's business and results of operations may be adversely affected in the event that the Lucky Dessert Group is not competitive in terms of the pricing, or there is a deterioration in the quality of its desserts or its level of service.

Environmental Policies and Performance

The Group commits to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

The Group also commits to the principle and practice of recycling and reducing. To help conserve the environment, it implements green office practices such as re-deployment of office furniture as far as possible, encourages use of recycled paper for printing and copying, double-sided printing and copying and reduces energy consumption by switching off idle lightings, air conditioning and electrical appliances.

Compliance with the Relevant Laws and Regulations

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Relationship with Suppliers, Customers and other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals.

During the year, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

Permitted Indemnity

Pursuant to the memorandum and articles of association ("Articles of Association") of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices. Such permitted indemnity provision has been in force throughout the year. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

Annual General Meeting

The 2017 AGM will be held on Friday, 12 May 2017. A circular containing the details of 2017 AGM and the notice of 2017 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 38 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

Distributable Reserves

As at 31 December 2016, 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 approximately HK$215,701,000. The amount includes the Company's share premium, capital reserve and accumulated losses 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 17 to the consolidated financial statements.

Interest Capitalised

No interest was capitalised by the Group during the year.

Summary of Financial Information

A summary of the published results and assets, liabilities and non-controlling interests of the Group, as extracted from the consolidated financial statements, is set out on page 150 of this annual report. This summary does not form part of the audited consolidated financial statements.

DIRECTORS' REPORT

Share Capital

Details of the Company's share capital and movements during the year are set out in Note 30 to the consolidated financial statements.

Pre-emptive Rights

There are no provision for pre-emptive rights under the 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

During the year, less than 30% of the Group's revenue and income, and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

Directors

The Directors during the year and up to the date of this annual report are as follows:

Executive Directors

Mr. Wong Hoi Yu *(Chairman)* (appointed on 16 August 2016)
Mr. Yu Ka Ho *(CEO)* (appointed as CEO on 22 November 2016)
Mr. Wong Kwan Mo (resigned on 16 August 2016)
Ms. Lau Lan Ying (resigned on 22 November 2016)

Independent non-executive Directors

Mr. Li Fu Yeung
Mr. Kwan Wai Yin, William
Mr. Tam Lok Hang (appointed on 7 January 2016)
Ms. Chiu Man Yee (resigned on 7 January 2016)

Pursuant to article 84 of the Articles of Association, Mr. Yu Ka Ho and Mr. Tam Lok Hang shall retire from office as executive Director and independent non-executive Director respectively by rotation at the 2017 AGM and, being eligible, offer himself for re-election at the 2017 AGM.

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

Mr. Wong Hoi Yu, the executive Director, has a service contract with the Company for a fixed term of one year with effect from the date of appointment on 16 August 2016. 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.

Mr. Yu Ka Ho, the executive Director, has entered into a service agreement with the Company pursuant to which he was appointed to act as an executive Director for a term of three years with effect from 22 June 2015.

Each of the independent non-executive Director has entered into a letter of appointment with the Company for a term of one year from their dates of appointment and is subject to termination by either party giving not less than one month's written notice.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming 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.

Remuneration of the Directors and Senior Management and Highest Paid Individuals

Details of the Directors' remuneration and the five individuals with highest emoluments are set out in Note 14 to the consolidated financial statements.

For the year ended 31 December 2016, the remuneration of the senior management whose details are included in the "Biographical Details of The Directors and Senior Management" section of this annual report fell within the following bands:

Remuneration Bands	**Number of Individuals***
Below HK$1,000,000	4
HK$1,000,001 – HK$2,000,000	2

* Resigned Directors are not included

Management Contracts

As at 31 December 2016, 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 offers 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, having regard to the Group'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 31 to the consolidated financial statements.

Retirement Benefit Scheme

Details of the retirement benefit scheme of the Group are set out in Note 34 to the consolidated financial statements.

Share Option Scheme

Details of the share option scheme of the Group are set out in Note 31 to the consolidated financial statement.

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 and their respective associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the year or as at 31 December 2016.

Update on Directors' Information

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors for the year ended 31 December 2016 is set out below:

– Mr. Wong Hoi Yu was appointed on 16 August 2016 as an executive Director and chairman of the Board.

– Mr. Wong Kwan Mo resigned on 16 August 2016 as an executive Director and chairman of the Board.

– Mr. Yu Ka Ho was appointed on 22 November 2016 as a CEO, authorised representative and compliance officer of the Company.

– Ms. Lau Lan Ying resigned on 22 November 2016 as an executive Director, CEO, authorised representative and compliance officer of the Company.

– Mr. Tam Lok Hang was appointed on 7 January 2016 as an independent non-executive Director.

– Ms. Chiu Man Yee resigned on 7 January 2016 as an independent non-executive Director.

Save as disclosed above and elsewhere in this report, there is no other information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules for the year ended 31 December 2016.

Deed of Non-competition

Pursuant to a deed of non-competition dated 25 June 2011 (the "Deed of Non-competition") entered into between Mr. Wong Kwan Mo, Ms. Lau Lan Ying (collectively, the Covenantor(s)") and the Company, each of the Covenantors has undertaken to the Company that he/she will not and will use his/her best endeavour to procure that none of his/her own or his/her affiliates will, among other things, carry on or engage in any business, which directly or indirectly, competes or is likely to compete with the business of the Group in Hong Kong or the PRC, including the operation of Chinese restaurant and the provision of Chinese wedding banquet and dining services for large-scale events.

In accordance with the Deed of Non-competition, each Covenantor undertakes that, from the listing date of 8 July 2011 and ending on the occurrence of the earliest of (i) the date on which the issued shares of the Company cease to be listed on GEM (other than suspension of trading of the shares of the Company for any other reason); (ii) the date on which the Covenantors cease to be interested in 30% or more of the entire issued share capital of the Company; or (iii) the date on which the Covenantors beneficially own or become interested jointly or severally in the entire issued share capital of the Company.

As the Convenantors were no longer interested in 30% or more of the entire issued share capital of the Company, the Deed of Non-competition was terminated as at 31 December 2015. To the best knowledge of the Directors, there is no breach of the Deed of Non-competition by the Convenantors till its termination.

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

As at 31 December 2016, the interests or short positions of the Directors and the chief executives 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 Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("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 Director	Capacity/nature of interest	Total number of ordinary shares held	Number of share options held	Total interest	Approximate percentage of interest
Mr. Yu Ka Ho	Beneficial owner	–	320,000	320,000	0.04%

Saved as disclosed above, as at 31 December 2016, none of the Directors and chief executives of the Company had, or deemed to have, any 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 Executives' 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 2016 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 executive 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 2016, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above, the following parties have interest or short position in the shares or underlying shares of the Company which have 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
Mr. Wong Kwan Mo	Interest in controlled corporation	106,359,600	13.32%
Ms. Lau Lan Ying	Interest in controlled corporation	106,359,600	13.32%
KMW Investments Limited	Beneficial owner	76,803,600	9.62%

Note:

76,803,600 and 29,556,000 shares are owned by KMW Investments Limited ("KMW") and Strong Light Investments Limited ("Strong Light") respectively. KMW and Strong Light are companies incorporated in the British Virgin Islands and Hong Kong respectively. The entire issued share capital of KMW and Strong Light are beneficially owned as to 50% by Ms. Lau Lan Ying and 50% by Mr. Wong Kwan Mo (spouse of Ms. Lau Lan Ying).

Saved as disclosed above, as at 31 December 2016, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and Chief Executives' 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 Company's shares during the year.

Connected Transactions

Significant related party transactions entered into by the Group during the year ended 31 December 2016 are disclosed in Note 35 to the consolidated financial statements. Save as disclosed elsewhere in this annual report, certain transactions also constitute connected transactions under the GEM Listing Rules, as identified below:

Connected transaction subject to reporting, announcement, circular and independent shareholders' approval requirements

Pursuant to the sale and purchase agreement entered into on 10 March 2016, the Company agreed to dispose of its entire issued share capital of GR Holdings Limited, one of its subsidiaries, and all the liabilities, obligations and indebtedness due by GR Holdings Limited and its subsidiaries to the remaining group, at the preliminary consideration of HK$49 million (subject to adjustment) payable in cash, to Mr. Wong Kwan Mo and Ms. Lau Lan Ying.

Mr. Wong Kwan Mo and Ms. Lau Lan Ying, both being former executive Directors, are connected persons of the Company under the GEM Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under the GEM Listing Rules. Details of which has been disclosed in the Company's announcements dated 10 March 2016, 22 April 2016, 6 May 2016, 27 June 2016, 3 August 2016 and the circular of the Company dated 20 May 2016.

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"), a former indirectly wholly owned subsidiary which was disposed of on 1 August 2016, and U Investments Limited ("U Investments") on 12 December 2014 (the "Shatin Lease Agreement"), RS Corporation 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$350,000 for the period from 1 January 2015 to 31 December 2017. The Shatin Property was 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 Kwan Mo and Ms. Lau Lan Ying, both being former executive Directors, are connected persons of the Company under the GEM Listing Rules. As each of Mr. Wong Kwan Mo and Ms. Lau Lan Ying holds as to 50% of the issued share capital of U Investments, U Investments is an associate of each of Mr. Wong Kwan Mo and Ms. Lau Lan Ying, 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 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.

Up to the date of the Disposal, the aggregate rent paid by RS Corporation to U Investments for the Shatin Property amounted to HK$2,450,000.

Red Royalty Lease Agreement

Pursuant to a lease entered into between Gayety Limited ("Gayety"), a former indirectly wholly owned subsidiary which was disposed of on 1 August 2016, and Goldex Management Limited ("Goldex") on 25 November 2011 (the "Red Royalty Lease Agreement"), Gayety 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 was used by Gayety as the restaurant premises.

Goldex is principally engaged in property investment in Hong Kong. Mr. Wong Kwan Mo and Ms. Lau Lan Ying, both the former executive Directors, are connected persons of the Company under the GEM Listing Rules. As each of Mr. Wong Kwan Mo and Ms. Lau Lan Ying holds to 50% of the issued share capital of Goldex, Goldex is an associate of each of Mr. Wong Kwan Mo and Ms. Lau Lan Ying 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 ended 31 December 2016 was HK$6,960,000.

Up to the date of the Disposal, the aggregate rent paid by Gayety to Goldex for the Red Royalty Property was HK$4,063,000.

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

A pork supply and purchase agreement (the "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 agreed to sell to the Company (or any of its subsidiaries as directed by the Company) pork during the term of the 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 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 wine supply and purchase agreement (the "Wine Supply Agreement") was entered into between U Cellar Limited ("U Cellar") and the Company on 27 December 2013, pursuant to which U Cellar agreed to sell to the Company (or any of its subsidiaries as directed by the Company) wine during the term of the 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 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 Kwan Mo and Ms. Lau Lan Ying, both being the former executive Directors, are connected persons of the Company under the GEM Listing Rules. As each of Mr. Wong Kwan Mo and Ms. Lau Lan Ying holds as to 50% of the issued share capital of Wong Yuen Hing, Wong Yuen Hing is an associate of each of Mr. Wong Kwan Mo and Ms. Lau Lan Ying, and is a connected person of the Company. As Ms. Wong Tai Ying, the daughter of Mr. Wong Kwan Mo and Ms. Lau Lan Ying, owns 100% interest in U Cellar, U Cellar is an associate of Mr. Wong Kwan Mo and Ms. Lau Lan Ying and is a connected person of the Company. Therefore, the transactions contemplated under the Pork Supply Agreement and the Wine Supply Agreement constitute continuing connected transactions of the Company under the GEM Listing Rules.

The term of each of the Pork Supply Agreement and the 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 Pork Supply Agreement for each of the three years ended 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 Wine Supply Agreement for each of the three years ended 31 December 2016 was HK$450,000, HK$475,000 and HK$500,000 respectively.

During the year, the aggregate amounts paid by the Group to Wong Yuen Hing for the purchase of pork under the Pork Supply Agreement was approximately HK$3,232,000 and the Group did not incur any transactions with U Cellar.

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 2016 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 42 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 2016 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. The Company was not aware of any non-compliance during the year.

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 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 Corporate Governance Code (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.

Auditor

The financial statements for the year ended 31 December 2016 have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditor of the Company will be proposed at the 2017 AGM.

By order of the Board
Food Idea Holdings Limited

Wong Hoi Yu
Chairman and executive Director

Hong Kong, 27 March 2017

The Board has adopted various policies to ensure compliance with the code provisions of 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.

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 currently comprises five members, of which two are executive Directors namely Mr. Wong Hoi Yu (Chairman) (appointed on 16 August 2016) and Mr. Yu Ka Ho (appointed as CEO on 22 November 2016) and three are independent non-executive Directors namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang (appointed on 7 January 2016). Mr. Wong Kwan Mo resigned as an executive Director and Chairman on 16 August 2016, Ms. Lau Lan Ying resigned as an executive Director and CEO on 22 November 2016. Ms. Chiu Man Yee resigned as an independent non-executive Director on 7 January 2016. Save as the resigned Directors, each of the Directors' respective biographical details are 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.

Chairman and CEO

The roles of the Chairman and CEO are segregated and are held by Mr. Wong Hoi Yu and Mr. Yu Ka Ho 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 their dates of appointment for which Mr. Li Fu Yeung whose term commenced on the listing date i.e. 8 July 2011, Mr. Kwan Wai Yin, William whose term commenced on 2 September 2013 and Mr. Tam Lok Hang whose term commenced on 7 January 2016. 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 AGM in accordance with the Articles of Association.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William, Mr. Tam Lok Hang (appointed on 7 January 2016) and Ms. Chiu Man Yee (resigned on 7 January 2016) to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the year ended 31 December 2016.

Role and Function of the Board

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

Delegation by the Board

The Board reserves for its decisions on all major matters of the Group, 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 Group 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. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

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.

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 interests 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, 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 Hoi Yu (appointed on 16 August 2016)	✓
Mr. Yu Ka Ho	✓
Mr. Wong Kwan Mo (resigned on 16 August 2016)	N/A
Ms. Lau Lan Ying (resigned on 22 November 2016)	N/A
Independent non-executive Directors	
Mr. Li Fu Yeung	✓
Mr. Kwan Wai Yin, William	✓
Mr. Tam Lok Hang (appointed on 7 January 2016)	✓
Ms. Chiu Man Yee (resigned on 7 January 2016)	N/A

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 Board committees meetings 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

For the year ended 31 December 2016, 35 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 Group. 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 20 May 2016**	**Extraordinary general meeting ("EGM") held on 27 June 2016**	**EGM held on 7 December 2016**
Executive Directors							
Mr. Wong Hoi Yu (appointed on 16 August 2016)	16/35	–	–	–	–	–	1/1
Mr. Yu Ka Ho	35/35	–	–	–	1/1	1/1	1/1
Mr. Wong Kwan Mo (resigned on 16 August 2016)	19/35	–	–	–	1/1	0/1	–
Ms. Lau Lan Ying (resigned on 22 November 2016)	30/35	–	–	–	1/1	0/1	–
Independent non-executive Directors							
Mr. Li Fu Yeung	35/35	4/4	4/4	4/4	1/1	1/1	1/1
Mr. Kwan Wai Yin, William	35/35	4/4	4/4	4/4	1/1	0/1	1/1
Mr. Tam Lok Hang (appointed on 7 January 2016)	34/35	4/4	3/4	3/4	1/1	1/1	0/1
Ms. Chiu Man Yee (resigned on 7 January 2016)	1/35	–	1/4	1/4	–	–	–

Board Committee

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 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. 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 revised 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 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 independent non-executive Directors, namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang. Mr. Li Fu Yeung is the chairman of the Audit Committee. During the year, 4 meetings of Audit Committee were held for, inter alia, reviewing the Group's quarterly, interim and annual results, the financial reporting and compliance procedures, the risk management and internal control systems and considering the re-election of auditor of the Company.

On 7 January 2016, Ms. Chiu Man Yee (the former independent non-executive Director) ceased to act as a member of Audit Committee and Mr. Tam Lok Hang was appointed as a member of Audit Committee.

Remuneration Committee

The Company established the 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 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 2016, the Remuneration Committee consists of three independent non-executive Directors, namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang. Mr. Tam Lok Hang is the chairman of the Remuneration Committee. Details of the remuneration of Directors are set out in Note 14 to the consolidated financial statements. During the year, 4 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 and determining the annual remuneration packages of the newly appointed Directors.

On 7 January 2016, Ms. Chiu Man Yee (the former independent non-executive Director) ceased to act as the chairlady and member of Remuneration Committee and Mr. Tam Lok Hang was appointed as the chairman and member of Remuneration Committee.

Nomination Committee

The Company established the 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 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, Mr. Wong Hoi Yu and Mr. Tam Lok Hang were appointed as new executive Director and independent non-executive Director respectively. Both were appointed by going through the selection process stated as above.

As at 31 December 2016, the Nomination Committee consists of three independent non-executive Directors, namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang. Mr. Li Fu Yeung is the chairman of the Nomination Committee. During the year, 4 meetings of Nomination Committee were held for, inter alia, considering the retirement and re-election of the Directors and the appointment of the new executive Director, independent non-executive Director and senior management. 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.

On 7 January 2016, Ms. Chiu Man Yee ceased to act as a member of Nomination Committee and Mr. Tam Lok Hang was appointed as a member of Nomination Committee.

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, 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 for the year ended 31 December 2016, they had fully complied with the required standard of dealings and there was no event of non-compliance.

Auditor’s Remuneration

For the year ended 31 December 2016, 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	1,200,000
Non-audit services:	
Other services	602,200
Total	1,802,200

Internal Controls and Risk Management

The Board is responsible for the Group’s risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute assurance against misstatement or loss.

Given the relatively simple corporate and operation structure, the Group currently does not have an internal audit function.

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group’s strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management as well as overseeing the formation, implementation and monitoring of the risk management and internal control systems.

In addition, the Group engages independent professional advisor to conduct an annual review of the effectiveness of the Group’s risk management and internal control system in various material aspects including financial, operational and compliance controls. The risk management report and internal control report are submitted and reviewed by the Audit Committee at least once a year. Summary of findings and recommendations are discussed at the Audit Committee meeting with a view to improve the Group’s operations.

For the year ended 31 December 2016, the Board, through its Audit Committee, is satisfied that the Group’s risk management and internal control systems (i) are adequate to meet the needs of the Group in its current business environment; and (ii) comply with the code provisions on internal control as set out in the GEM Listing Rules.

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 AGM 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 AGM 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 2016 AGM was held on 20 May 2016 and two EGMs were held on 27 June 2016 and 7 December 2016 respectively. Save as the attendance of the Board disclosed under the paragraph headed "Number of Meetings and Attendance Records" above, the auditor also attended the 2016 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 or by email to info@foodidea.com.hk.

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, 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, an EGM 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 at the head office of the Company at Room A, 6/F, CNT Tower, 338 Hennessy Road, Wan Chai, 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, 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 EGM, 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 at the head office of the Company at Room A, 6/F, CNT Tower, 338 Hennessy Road, Wan Chai, 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 at the head office of the Company at Room A, 6/F, CNT Tower, 338 Hennessy Road, Wan Chai, Hong Kong, or send email to info@foodidea.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.

信永中和
ShineWing

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FOOD IDEA HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Food Idea Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 47 to 149, which comprise the consolidated statement of financial position as at 31 December 2016, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit summarised as follows:

IMPAIRMENT ASSESSMENT ON LOAN AND INTEREST RECEIVABLES

Refer to Note 22 to the consolidated financial statements and the accounting policies on pages 74 to 75.

The key audit matter

As at 31 December 2016, the Group has significant loan and interest receivables of approximately HK$156 million. The loan receivables are due from a few independent individuals and over 99% of the balances were secured by the collaterals.

Impairment allowances represent the management's best estimate of the losses incurred on the loan and interest receivables based on the existence of any impairment indicators, including the default of payments from the borrowers, the timing of the overdue receivables, the existence of deterioration of credit worthiness of the borrowers, the existence of the collaterals provided by the borrowers and the recoverable amounts of these collaterals.

Due to the significance of the amounts to the consolidated financial statements and the estimation of impairment allowances involves significant judgement, we therefore considered it as a key audit matter.

How the matter was addressed in our audit

We reviewed management's assessment on the indicators of impairment, including testing the management's control designed and applied by the Group to ensure that the impairment analysis was appropriately undertaken and reviewed and challenging the impairment allowances basis as well as identifying any long outstanding and past due loan and interest receivables for which no impairment has been made.

We have discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing. We have challenged the assumptions and critical judgement used by the management by assessing the reliability of the management's past estimates and taking into account the ageing at year end and settlement received after year end, as well as the recent creditworthiness of each debtor and the appropriateness of valuation of the collaterals provided by the borrowers as assessed by the management.

In relation to the valuation of the collaterals provided by the borrowers, we have assessed the valuation methodologies used and the appropriateness of the key assumptions based on our knowledge of the industry. We had also checked, on a sample basis, the accuracy and relevance of the input data used.

IMPAIRMENT ASSESSMENT ON INTEREST IN AN ASSOCIATE

Refer to Note 20 to the consolidated financial statements and the accounting policies on pages 64 and 71.

The key audit matter	How the matter was addressed in our audit
The Group holds 49% of equity interest in Lucky Dessert (China) Holdings Limited. This investment is accounted for as an associate using the equity method because of the significant influence that comes from its voting power. Share of loss of an associate has been recognised in profit or loss. During the year ended 31 December 2016, the associate had recurring loss in operations due to the fierce competition in dessert industry in the People's Republic of China. As a result, the management performed an impairment test using a value-in-use model to estimate the recoverable amount. We have identified the impairment of interest in an associate as a key audit matter because of its significance to the consolidated financial statements and because the Group's assessment of impairment of an associate is a judgemental process which requires estimates concerning the methods and assumptions to be applied in determining the value in use. The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to valuation model may result in significant financial impact.	Our procedures were designed to review the management's assessment of the indicators of impairment and challenge the reasonableness of the methods and assumptions used in the valuation model to estimate the recoverable amount of the investment. We have discussed the indicators of possible impairment with the management and, where such indicators were identified, assessing the management's impairment testing. We have assessed the valuation methodology and compared significant inputs to third party sources. We have also challenged the key assumptions and critical judgement used by the management based on our knowledge of the business and industry.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tang Kwan Lai.

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

Hong Kong
27 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	NOTES	2016 HK$'000	2015 HK$'000 (Restated)
Continuing operations			
Revenue	7	**100,781**	93,408
Other income	8	**572**	159
Cost of inventories consumed		**(37,749)**	(36,127)
Employee benefits expenses	9	**(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	9	**–**	(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	36(a)(ii)	**(1,220)**	(7,582)
Share option expenses	31	**(2,880)**	–
Other operating expenses		**(47,309)**	(32,114)
Share of (loss) profit of an associate		**(38,154)**	11,653
Finance costs	10	**(4,729)**	(616)
(Loss) profit before tax	9	**(360,698)**	137,151
Income tax credit (expenses)	11	**39,884**	(24,743)
(Loss) profit for the year from continuing operations		**(320,814)**	112,408

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

For the year ended 31 December 2016

	NOTE	**2016** ***HK$'000***	2015 *HK$'000* (Restated)
Discontinued operation			
Loss for the year from discontinued operation	*12*	**(11,616)**	(22,103)
(Loss) profit for the year		**(332,430)**	90,305
Other comprehensive expenses for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(31)**	(26)
Share of foreign currency translation reserve of an associate		**(4,399)**	(6,298)
		(4,430)	(6,324)
Total comprehensive (expenses) income for the year		**(336,860)**	83,981
(Loss) profit for the year attributable to owners of the Company			
– from continuing operations		**(320,921)**	111,926
– from discontinued operation		**(11,344)**	(21,677)
		(332,265)	90,249
(Loss) profit for the year attributable to non-controlling interests			
– from continuing operations		**107**	482
– from discontinued operation		**(272)**	(426)
		(165)	56
		(332,430)	90,305

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

For the year ended 31 December 2016

	NOTE	2016 HK$'000	2015 HK$'000 (Restated)
Total comprehensive (expenses) income for the year attributable to owners of the Company			
– from continuing operations		**(325,351)**	105,602
– from discontinued operation		**(11,344)**	(21,677)
		(336,695)	83,925
Total comprehensive (expenses) income for the year attributable to non-controlling interests			
– from continuing operations		**107**	482
– from discontinued operation		**(272)**	(426)
		(165)	56
		(336,860)	83,981

	NOTE	2016	2015 (Restated)
(Loss) earnings per share			
From continuing and discontinued operations			
Basic and diluted (HK cents)	*16*	**(46.9)**	20.8
From continuing operations			
Basis and diluted (HK cents)	*16*	**(45.3)**	25.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment	17	**18,771**	39,387
Goodwill	18	**6,186**	6,186
Intangible asset	19	**4,456**	4,636
Interest in an associate	20	**55,274**	97,827
Available-for-sale investment		**1,000**	2
Rental deposits	23	**240**	7,703
Deposits paid for acquisition of property, plant and equipment	23	**10**	3,387
Deferred tax assets	29	**29**	3,102
Loan to an associate	20	**–**	2,959
Loan receivables	22	**73,565**	56,500
		159,531	221,689
Current assets			
Inventories	21	**367**	8,215
Loan and interest receivables	22	**82,310**	73,187
Trade receivables	23	**9,838**	9,112
Loan to an associate	20	**3,085**	–
Amount due from an associate	20	**20**	29
Prepayments, deposits and other receivables	23	**49,912**	17,163
Income tax recoverable		**232**	3,034
Financial assets at fair value through profit or loss	24	**92,892**	422,569
Pledged bank deposits	25	**2,017**	3,531
Bank balances and cash	25	**14,269**	96,654
		254,942	633,494
Assets classified as held for sale	13	**5,469**	–
		260,411	633,494
Current liabilities			
Trade payables	26	**4,231**	15,481
Other payables, accruals and deposits received	26	**18,279**	38,082
Provision for reinstatement costs	27	**–**	762
Income tax payable		**–**	362
Borrowings	28	**3,564**	35,769
		26,074	90,456
Liabilities associated with assets classified as held for sale	13	**1,574**	–
		27,648	90,456
Net current assets		**232,763**	543,038
Total assets less current liabilities		**392,294**	764,727

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current liabilities			
Contingent consideration payable	36a (ii)	–	94,780
Promissory note	28	77,076	–
Provision for reinstatement costs	27	–	3,321
Deferred tax liabilities	29	138	40,227
		77,214	138,328
		315,080	626,399
Capital and reserves			
Share capital	30	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

The consolidated financial statements on pages 47 to 149 were approved and authorised for issue by the board of directors on 27 March 2017 and are signed on its behalf by:

WONG HOI YU
Director

YU KA HO
Director

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 *(Note 31)*	–	–	2,880	–	–	–	–	2,880	–	2,880
Issue of new shares *(Note 30)*	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 30)*	154	4,914	(1,382)	–	–	–	–	3,686	–	3,686
Disposal of subsidiaries	–	–	–	–	972	–	(972)	–	(652)	(652)
At 31 December 2016	7,988	420,936	1,498	106	(182)	(10,760)	(106,126)	313,460	1,620	315,080

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2016

	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 *(Note 36(b))*	–	–	–	–	–	–	–	2,114	2,114
Share of other reserve of an associate	–	–	–	(182)	–	–	(182)	–	(182)
Issue of new shares *(Note 30)*	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 15)*	–	–	–	–	–	–	–	(900)	(900)
At 31 December 2015	6,528	397,701	106	(1,154)	(6,330)	227,111	623,962	2,437	626,399

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 *HK$'000*	2015 *HK$'000* (Restated)
OPERATING ACTIVITIES		
(Loss) profit before tax from continuing operations	**(360,698)**	137,151
Loss before tax from discontinued operation	**(10,973)**	(18,754)
(Loss) profit before tax	**(371,671)**	118,397
Adjustments for:		
Loss on disposal of financial assets at fair value through profit or loss, net	**255,595**	13,077
Loss (gain) on fair value of financial assets at fair value through profit or loss, net	**35,269**	(151,324)
Depreciation	**11,471**	22,226
Amortisation	**180**	12
Loss on fair value of contingent consideration payable	**1,220**	7,582
Share of loss (profit) of an associate	**38,154**	(11,653)
Share option expenses	**2,880**	–
Finance costs	**4,844**	823
Gain on disposal of property, plant and equipment, net	**(73)**	(538)
Impairment loss of property, plant and equipment	**–**	8,457
Written-off of property, plant and equipment	**2,731**	–
Interest income from loan to an associate	**(195)**	(59)
Bank interest income	**(15)**	(41)
Operating cash flows before movements in working capital	**(19,610)**	6,959
Increase in inventories	**(1,636)**	(96)
Increase in trade receivables	**(2,294)**	(651)
Increase in loan and interest receivables	**(26,188)**	(129,687)
(Increase) decrease in prepayments, deposits and other receivables	**(1,672)**	5,352
(Decrease) increase in trade payables	**(5,110)**	1,658
Increase in other payables, accruals and deposits received	**2,368**	3,795
Decrease (increase) in financial assets at fair value through profit or loss	**7,764**	(184,610)
Cash used in operations	**(46,378)**	(297,280)
Interest paid	**(653)**	(619)
Hong Kong Profits Tax paid	**(26)**	(5,689)
NET CASH USED IN OPERATING ACTIVITIES	**(47,057)**	(303,588)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2016

	NOTE	**2016** **HK$'000**	2015 HK$'000 (Restated)
INVESTING ACTIVITIES			
Net cash outflow on acquisition of subsidiaries		**–**	(5,559)
Acquisition of available-for-sale investment		**–**	(2)
Net cash inflow on disposal of subsidiaries	37	**6,328**	–
Purchases of property, plant and equipment		**(9,417)**	(17,269)
Deposit paid for acquisition of property, plant and equipment		**(2,075)**	(3,387)
Loan and advance to an associate		**–**	(2,988)
Repayment from an associate		**78**	–
Bank interest received		**4**	41
Proceeds from disposals of property, plant and equipment		**127**	1,303
Withdrawal of pledged bank deposits		**–**	1,500
Placement of pledged bank deposits		**–**	(26)
NET CASH USED IN INVESTING ACTIVITIES		**(4,955)**	(26,387)
FINANCING ACTIVITIES			
New borrowings raised		**17,321**	87,315
Repayment of borrowings		**(47,941)**	(59,920)
Repayment of promissory note		**(23,000)**	–
Dividends paid to non-controlling interests		**–**	(900)
Proceeds from issue of shares		**19,976**	341,888
Exercise of share option		**3,686**	–
Expenses on issue of shares		**(349)**	(6,280)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(30,307)**	362,103
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(82,319)**	32,128
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**96,157**	64,055
Effect of foreign exchange rate changes		**(31)**	(26)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**13,807**	96,157
Analysis of cash and cash equivalents at the end of the year			
Bank balances and cash		**14,269**	96,654
Bank overdrafts *(Note 28)*		**(486)**	(497)
Bank balances and cash included in assets classified as held for sale *(Note 13)*		**24**	–
		13,807	96,157

1. GENERAL INFORMATION

Food Idea 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 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.

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.

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 ("HKFRS(s)")

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 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.

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

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 of the Company (the "Directors") 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.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes 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.

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

HKFRS 9 (2014) Financial Instruments (Continued)

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 reporting 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 designed as at fair value through profit or loss ("FVTPL"), 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 liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL was presented in profit or loss.

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

The Directors anticipate that the adoption 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. The Directors are in the process of assessing the impacts on the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (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; 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 2018 with early application permitted. The Directors 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. The Directors are in the process of assessing the impacts on the consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

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

HKFRS 16 Leases (Continued)

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16.

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

HKFRS 16 Leases (Continued)

The Group is a lessee of various offices premises and a yacht which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 3 with the Group's future operating lease commitments, which are not reflected in the consolidated statement of financial position, set out in Note 32. HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the statement of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus, each lease will be mapped in the Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in property, plant and equipment and an increase in financial liabilities in the consolidated statement of financial position. In the consolidated statement of profit or loss and other comprehensive income, leases will be recognised in the future as capital expenditure on the purchasing side and will no longer be recorded as an operating expense. As a result, the operating expense under otherwise identical circumstances will decrease, while depreciation and the interest expense will increase. This will lead to an improvement in the earnings before interest, tax, depreciation and amortisation. The new standard is not expected to apply until the financial year beginning on 1 January 2019, including the adjustment of prior years.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

Amendments to HKAS 7 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted.

The Directors anticipate that the application of Amendments to HKAS 7 will result in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements 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.

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.

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 conditions (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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's ownership interests in existing subsidiaries

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).

Business combinations

Businesses combinations are accounted for by applying 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 incurred to effect a business combination are 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 Group'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 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 interest in the acquiree (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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (Continued)

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.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's investment in an associate is accounted for in the consolidated financial statements using the equity method from the date on which the investee becomes an associate. Under the equity method, investment in an associate is initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associate is recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate equals or exceeds its interest in the associate, 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 associate, 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 associate.

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

After application of the equity method, including recognising the associate's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate. Any impairment loss recognised forms part of the carrying amount of the investment in the associate. 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 associate is recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such classification requires the asset or the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Management fee income and consultancy fee income is recognised when services are provided.

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Share options granted to other eligible persons

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the counterparties render services.

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 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.

Intangible asset acquired separately

Intangible asset with finite useful life that is acquired separately is carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible asset with finite useful life is recognised on a straight-line basis over its estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 each 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 Group (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 year. 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).

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 (loss) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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 an associate, 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 interest 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 realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the 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 represents 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 and intangible asset 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 and intangible asset with finite useful live 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 the 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 the 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 the CGU) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 ("FVTPL") 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 FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as financial assets at FVTPL, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are 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 other than those financial assets classified as FVTPL.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

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 loan and interest receivables, trade receivables, loan to and amount due from an associate, 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).

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss of financial assets

Financial assets, other than those at 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 an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

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

For certain categories of financial asset, such as loan and interest receivables and 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 the estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss of financial assets (Continued)

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the 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.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss.

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 either financial liabilities at FVTPL or 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net loss is included in the loss on fair value of contingent consideration payable line item in profit or loss. Fair value is determined in a manner described in Note 6(c).

Other financial liabilities

Other financial liabilities (including trade payables, other payables and accruals, borrowings and promissory note) 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 other than those financial liabilities classified as FVPTL.

Derecognition

A financial asset is derecognised 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition (Continued)

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 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.

(c) Long service payment

The Group's net obligations in respect of long service payment on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that the employees have earned in return for their services in the current and prior periods.

Liability recognised in respect of long service payment is measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Provisions are measured at 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 share-based payments, net realisable value of inventories and value in use of property, plant and equipment, goodwill and intangible asset 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 ACCOUNTING JUDGEMENT

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

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

Critical judgement

The following is the critical judgement, apart from those involving estimations (see below), that Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Income taxes

As at 31 December 2016, a deferred tax liability of approximately HK$813,000 (2015: HK$44,567,000) in relation to unrealised gain on financial assets 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 investments. The Group intends to hold the financial assets at FVTPL for trading purpose and accordingly had determined the tax effect of the unrealised fair value gain on the basis of selling the assets in the foreseeable future. However, the actual outcome will be dependent on the timing of realisation of the assets 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, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

Key sources of estimation uncertainty (Continued)

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 2016, the carrying amount of property, plant and equipment was approximately HK$18,771,000 net of nil accumulated impairment loss (2015: HK$39,387,000 net of accumulated impairment loss of approximately HK$12,226,000).

Impairment of goodwill and intangible asset

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGU to which goodwill has been allocated. Also, determining whether intangible asset is impaired requires an estimation of the value-in-use of the intangible asset. The value-in-use calculation requires the Directors 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 2016, the carrying amount of goodwill and intangible asset are approximately HK$6,186,000 (2015: HK$6,186,000) and HK$4,456,000 (2015: HK$4,636,000) respectively. No impairment loss has been recognised during the year ended 31 December 2016 (2015: Nil).

Impairment of interest in an associate

During the year ended 31 December 2016, the associate had incurred loss in operation due to the fierce competition in dessert industry in the People's Republic of China (the "PRC"). The management performed an impairment test using a value-in-use model to estimate the recoverable amount of the investment. The value-in-use calculation requires the Directors to estimate the future cash flows expected to arise 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 2016, the carrying amount of interest in an associate is approximately HK$55,274,000 (2015: HK$97,827,000). An impairment loss on intangible asset was recognised by the associate and the Group's share of approximately HK$29,804,000 was included in the share of loss of an associate for the year ended 31 December 2016. Details are disclosed in Note 20.

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

Key sources of estimation uncertainty (Continued)

Impairment of loan and interest receivables, trade receivables and deposits and other receivables

When there is objective evidence of impairment loss of loan and interest receivables, trade receivables and deposits and other receivables, the Group takes into consideration the estimation of future cash flows of respective loan and interest receivables, 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 2016, the carrying amounts of the Group's loan and interest receivables, trade receivables and deposits and other receivables were approximately HK$155,875,000 (2015: HK$129,687,000), HK$9,838,000 (2015: HK$9,112,000) and HK$1,457,000 (2015: HK$15,141,000) respectively. No impairment loss has been recognised during the year ended 31 December 2016 (2015: Nil).

Income taxes

As at 31 December 2016, deferred tax asset of approximately HK$878,000 (2015: HK$5,458,000) 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$44,813,000 (2015: HK$51,714,000) 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.

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

Key sources of estimation uncertainty (Continued)

Valuation assumptions for the fair value of identifiable assets and liabilities of an associate and contingent consideration payable at the date of acquisition

During the year ended 31 December 2015, determining the fair value of identifiable assets and liabilities of an associate at the acquisition date and the fair value of contingent consideration at the acquisition date i.e. 29 April 2015 and at 31 December 2015 required the Directors to determine the appropriate valuation techniques and inputs for fair value measurements. The Group engaged an independent professional qualified valuer (the "Valuer") to perform the valuation. The Directors worked closely with the Valuer to establish the appropriate valuation techniques and inputs to the model. The value in use calculation required the Group 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 were less than expected, a material difference in the fair value may arise. As at acquisition date of the associate, the fair value of identifiable assets and liabilities of an associate amounting to approximately HK$109,286,000 and the fair value of consideration amounting to approximately HK$87,198,000 were recognised. Details of the acquisition were disclosed in Note 36(a).

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 total borrowings (including borrowings and promissory note), net of bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, 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 (borrowings and promissory note less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interests).

Gearing ratio was not applicable to the Group as at 31 December 2015 as the Group's bank balances and cash were more than its borrowings.

5. CAPITAL RISK MANAGEMENT (CONTINUED)

The gearing ratio as at 31 December 2016 was as follows:

	2016
	HK$'000
Debt *(Note i)*	**80,640**
Bank balances and cash	**(14,269)**
Net debt	**66,371**
Equity *(Note ii)*	**313,460**
Net debt to equity ratio	**17%**

Notes:

(i) Debt is defined as promissory note and borrowings, as detailed in Note 28.

(ii) Equity includes all capital and reserves of the Group excluding non-controlling interest.

6. FINANCIAL RISK MANAGEMENT

6a. Categories of financial instruments

	2016	2015
	HK$'000	*HK$'000*
Financial assets		
Available-for-sale investment	**1,000**	2
Loans and receivables (including bank balances and cash)	**234,976**	264,816
Financial assets at FVTPL – Held for trading	**92,892**	422,569
	328,868	687,387
Financial liabilities		
Financial liability at FVTPL	**–**	94,780
Other financial liabilities at amortised cost	**97,107**	83,420
	97,107	178,200

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investment, loan and interest receivables, trade receivables, loan to and amount due from an associate, deposits and other receivables, financial assets at FVTPL, pledged bank deposits, bank balances and cash, trade payables, other payables and accruals, borrowings, promissory note and contingent consideration payable. 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.

Market risk

Interest rate risk

As at 31 December 2016 and 2015, the Group is exposed to fair value interest rate risk in relation to loan receivables, loan to an associate and unsecured other borrowings which carried at fixed rates.

As at 31 December 2016 and 2015, the Group is also exposed to cash flow interest rate risk in relation to variable-rate, pledged bank deposits, bank balances, promissory note and borrowings, and details of which are disclosed in Notes 25 and 28 respectively. It is the Group's policy to keep them 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 are 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") and the best lending rate of The Hongkong and Shanghai Banking Corporation Limited ("HSBC") arising from the Group's secured bank borrowings and promissory note respectively.

The Group's exposure to cash flow interest rate risk in relation to bank balances and pledged bank deposits is minimal as these balances have a short maturity period.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Market risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate secured bank borrowings and promissory note at the end of the reporting period. The analysis is prepared assuming these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2015: 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 (2015: 100 basis points) in interest rates, with all other variables were held constant, would increase/decrease the Group's loss for the year by approximately HK$662,000 (2015: decrease/increase the profit for the year by approximately HK$262,000).

Other price risk

The Group is exposed to equity price risk through its financial assets at FVTPL. The management of the Group manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Directors closely monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reports period. For sensitivity analysis purpose, the sensitivity rate is 5% (2015: 5%). If the prices of the financial assets at FVTPL has been 5% (2015: 5%) higher/lower, would decrease/increase the Group's loss for the year ended 31 December 2016 by approximately HK$3,878,000 (2015: increase/decrease the profit for the year by approximately HK$17,642,000) as a result of the fair value changes of financial asset at FVTPL.

Credit risk

As at 31 December 2016 and 2015, 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.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Credit risk (Continued)

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. The team monitors customers' repayment ability, request the customers to provide collaterals and reviews the fair value of the collaterals. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 58% (2015: 68%) and 99% (2015: 88%) of the total trade receivables was due from the largest counterparty and the three (2015: three) largest counterparties within food products operation segment, respectively. As at 31 December 2016, the Group also has concentration of credit risk as 36% (2015: 44%) and 77% (2015: 86%) of the total loan and interest receivables was due from the largest counterparty and the four (2015: four) largest counterparties within money lending segment.

The Group's concentration of credit risk by geographical locations is in Hong Kong which accounted for 100% of the total trade receivables and loan and interest receivables as at 31 December 2016 and 2015.

The Directors consider the credit risks associated with trade receivables is minimal as most of the trade receivables are due from reputable companies. The Directors considers the credit risk exposure associated with loan and interest receivables is limited as most of the loan receivable are secured by collaterals or no default payment is noted.

The Directors consider that the credit risks associated with amount due from a non-controlling interest, consideration receivable (included in other receivables) and loan to and amount due from an associate are under control. The Directors have exercised due care in checking the financial position of the non-controlling interest and the associate.

In order to minimise the credit risk of other receivables, the management of the Group has 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 debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk on other receivables is significantly reduced.

The credit risk for 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 borrowings and ensures compliance with loan covenants.

As at 31 December 2016 and 2015, the Group had not breached any of the covenant clauses of its obligations under borrowings (Note 28).

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 borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. 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.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Liquidity risk (Continued)

	At 31 December 2016			
	Within one year or on demand *HK$'000*	**1-5 years** *HK$'000*	**Total undiscounted cash flow** *HK$'000*	**Carrying amount** *HK$'000*
Non-derivative financial liabilities				
Trade payables	**4,231**	**–**	**4,231**	**4,231**
Other payables and accruals	**12,236**	**–**	**12,236**	**12,236**
Promissory Note	**–**	**82,551**	**82,551**	**77,076**
Borrowings *(Note i)*	**3,564**	**–**	**3,564**	**3,564**
	20,031	**82,551**	**102,582**	**97,107**

	At 31 December 2015			
	Within one year or on demand *HK$'000*	1-5 years *HK$'000*	Total undiscounted cash flow *HK$'000*	Carrying amount *HK$'000*
Non-derivative financial liabilities				
Trade payables	15,481	–	15,481	15,481
Other payables and accruals	32,170	–	32,170	32,170
Borrowings *(Note i)*	35,857	–	35,857	35,769
Contingent consideration payable	–	107,520	107,520	94,780
	83,508	107,520	191,028	178,200

Notes:

(i) Mortgage loan and instalment 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 2016, the aggregate undiscounted principal amount of these bank borrowings amounted to approximately HK$166,000 (2015: HK$3,024,000). Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that the mortgage loan and instalment loan will be repaid by nil (2015: 72) and 2 (2015: 14) monthly instalments 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$168,000 (2015: HK$3,271,000).

(ii) The amounts included above for variable interest rate instruments for non-derivative financial liabilities are 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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period for recurring measurement. The following table gives information about how the fair values are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair value hierarchy	Valuation techniques and key inputs	Fair value as at 31 December 2016 HK$'000	Fair value as at 31 December 2015 HK$'000
Financial assets				
Equity securities listed in Hong Kong classified as financial assets at FVTPL	Level 1	Quoted bid prices in an active market	**66,322**	359,787
Debt securities listed in Hong Kong and overseas classified as financial assets at FVTPL	Level 1	Quoted bid prices in an active market	**–**	12,511
Funds listed in Hong Kong classified as financial assets at FVTPL	Level 1	Quoted bid prices in an active market	**–**	4,279
Unlisted funds classified as financial assets at FVTPL	Level 1	Quotes from investment banks	**26,570**	45,992
			92,892	422,569

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6c. Fair value measurements (Continued)

	Fair value hierarchy	Valuation techniques and key inputs	Fair value as at 31 December 2016 HK$'000	Fair value as at 31 December 2015 HK$'000
Financial liabilities				
Contingent consideration payable classified as financial liabilities at FVTPL *(Note)*	Level 3	Income approach – By reference to the present value of the expected future economic benefits to be derived based on an appropriate discount rate	–	94,780

Note: As at 31 December 2015, the significant unobservable inputs were revenue growth rate of 3% per annum, taking into account management's experience and knowledge of market conditions of the specific industries. The relationship of key inputs and significant unobservable inputs to fair value was the lower the long term revenue, the lower would be the fair value.

There was no transfer between level 1, 2 and 3 in the current year.

The Directors consider that the carrying amount of the non-current financial assets approximates its fair value as the impact of discounting is immaterial.

The Directors consider that the carrying amounts of other current financial assets and current financial liabilities recorded at amortised cost approximate their fair values.

7. 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 details in Notes 12 and 37.

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 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.

7. SEGMENT INFORMATION (CONTINUED)

Continuing operations

For the year ended 31 December

	Catering services		Food products operation		Investments		Money lending		Elimination		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)	2016 HK$'000	2015 HK$'000 (Restated)
SEGMENT TURNOVER	–	94	89,735	88,818	93,910	15,784	8,491	3,413	(156)	–	191,980	108,109
SEGMENT REVENUE	–	94	89,735	88,818	2,711	1,083	8,335	3,413	–	–	100,781	93,408
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	–	94	89,735	88,818	2,711	1,083	8,491	3,413	(156)	–	100,781	93,408
Segment result	(235)	(251)	1,665	1,288	(285,488)	143,282	6,852	2,855	–	3,021	(277,206)	150,195
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											(360,698)	137,151

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. 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.

7. SEGMENT INFORMATION (CONTINUED)

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	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)				(Restated)				(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									**419,942**	855,183
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									**104,862**	228,784

7. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

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 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 *(Note)* as at 31 December	
	2016	2015	**2016**	2015
	HK$'000	HK$'000 (Restated)	***HK$'000***	HK$'000 (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.

7. SEGMENT INFORMATION (CONTINUED)

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 *HK$'000*	Food products operation *HK$'000*	Investments *HK$'000*	Money lending *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
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	–	–	255,583	–	–	255,583
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)	–	313	(40,197)	–	–	(39,884)

7. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 December 2015

Continuing operations

	Catering services *HK$'000* (Restated)	Food products operation *HK$'000*	Investments *HK$'000* (Restated)	Money lending *HK$'000*	Unallocated *HK$'000* (Restated)	Consolidated *HK$'000* (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	–	–	12,649	–	–	12,649
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	–	(88)	24,794	–	37	24,743

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.

8. OTHER INCOME

Continuing operations

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

9. (LOSS) PROFIT BEFORE TAX

Continuing operations

	2016 *HK$'000*	2015 *HK$'000* (Restated)
(Loss) profit before tax has been arrived at after (crediting) charging:		
Dividend income (included in revenue)	**(2,711)**	(1,083)
Other losses:		
Loss on disposal of property, plant and equipment	**–**	4
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	**1,223**	1,183
	32,271	28,545
Share option expenses	**864**	–
	33,135	28,545
Auditor's remuneration	**1,200**	1,200
Operating lease rentals in respect of rented premises	**4,617**	2,523

10. FINANCE COSTS

Continuing operations

	2016 HK$'000	2015 HK$'000 (Restated)
Interests on borrowings	**653**	616
Interests on promissory note *(Notes 28 and 36(a)(ii))*	**4,076**	–
	4,729	616

11. INCOME TAX (CREDIT) EXPENSES

Continuing operations

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

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

11. INCOME TAX (CREDIT) EXPENSES (CONTINUED)

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.

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

	2016 ***HK$'000***	2015 *HK$'000* (Restated)
Continuing operations		
(Loss) profit before tax	**(360,698)**	137,151
Tax at the domestic income tax rate of 16.5% (2015: 16.5%)	**(59,515)**	22,630
Tax effect of income not taxable for tax purpose	**(624)**	(178)
Tax effect of expenses not deductible for tax purpose	**3,358**	2,374
Tax effect of deductible temporary differences not recognised	**5,390**	9
Tax effect of share of loss (profit) of an associate	**6,295**	(1,923)
Tax effect of tax losses not recognised	**5,406**	1,943
Over provision in prior years	**(194)**	(112)
Income tax (credit) expenses for the year	**(39,884)**	24,743

Details of deferred tax are set out in Note 29.

12. 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. Details of disposal are set out in Note 37.

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 ***HK$'000***	2015 *HK$'000*
Loss of the discontinued operation for the year	**11,616**	22,103

12. DISCONTINUED OPERATION (CONTINUED)

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 *HK$'000*	For the year ended 31 December 2015 *HK$'000*
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	**(11,616)**	(22,103)

12. DISCONTINUED OPERATION (CONTINUED)

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	**(353)**	(25)
	643	3,349

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	**(6)**	(5)
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	**(73)**	(542)
	2,658	7,915
Employee benefits expenses		
Salaries, wages and other benefits	**65,398**	129,330
Contributions to retirement benefits schemes – defined contribution plan	**5,610**	5,797
	71,008	135,127
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	**23,195**	38,829

12. DISCONTINUED OPERATION (CONTINUED)

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.

13. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

As at 31 December 2016, the Directors were in negotiations with an independent third party for the disposal of a subsidiary of the Group, which is engaged in property holding. The assets and liabilities attributable to the subsidiary, which is expected to be sold within twelve months, have been classified as assets / liabilities held for sale and are presented separately in the consolidated statement of financial position (see below). The assets and liabilities for the subsidiary are included in the Group's unallocated corporate assets / liabilities for the segment reporting purposes during the year ended 31 December 2016. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised. As at 31 December 2016, deposit of approximately of HK$6,000,000 was received and included in deposit received.

The major classes of assets and liabilities of the subsidiary classified as held for sale are as follows:

	As at 31 December 2016 *HK$'000*
Property, plant and equipment (Note 17)	**5,411**
Prepayment and deposits	**34**
Bank balances	**24**
Total assets classified as held for sale	**5,469**
Borrowings	**1,574**
Total liabilities associated with assets classified as held for sale	**1,574**

14. 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 2016				
	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Contributions to retirement benefits scheme – defined contribution plan *HK$'000*	Share option expenses *HK$'000*	Total *HK$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings					
Executive directors:					
Mr. Wong *(Note (a))*	–	–	–	–	–
Ms. Lau *(Note (b))*	–	–	–	–	–
Mr. Yu Ka Ho *(Note (c))*	–	1,118	18	29	1,165
Mr. Wong Hoi Yu *(Note (d))*	–	98	3	–	101
Independent non-executive directors:					
Mr. Kwan Wai Yin, William	60	–	–	–	60
Mr. Li Fu Yeung	60	–	–	–	60
Mr. Tam Lok Hang *(Note (f))*	59	–	–	–	59
Ms. Chiu Man Yee *(Note (e))*	1	–	–	–	1
	180	1,216	21	29	1,446

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

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

	Year ended 31 December 2015			
	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Contributions to retirement benefits scheme – defined contribution plan *HK$'000*	Total *HK$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings				
Executive directors:				
Mr. Wong *(Note (a))*	–	–	–	–
Ms. Lau *(Note (b))*	–	–	–	–
Mr. Yu Ka Ho *(Note (c))*	–	542	10	552
Independent non-executive directors:				
Mr. Kwan Wai Yin, William	60	–	–	60
Mr. Li Fu Yeung	60	–	–	60
Ms. Chiu Man Yee *(Note (e))*	60	–	–	60
	180	542	10	732

Notes:

(a) Mr. Wong resigned on 16 August 2016.

(b) Ms. Lau was also the chief executive officer of the Company and her emoluments disclosed above include those for services rendered by her as the chief executive officer. She resigned as both executive director and chief executive officer of the Company on 22 November 2016.

(c) Mr. Yu Ka Ho was appointed as an executive director of the Company with effect from 22 June 2015. He is also appointed as the chief executive officer of the Company with effective from 22 November 2016 and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

(d) Mr. Wong Hoi Yu was appointed as an executive director of the Company with effect from 16 August 2016.

(e) Ms. Chiu Man Yee resigned on 7 January 2016.

(f) Mr. Tam Lok Hang was appointed as an independent non-executive director of the Company with effect from 7 January 2016.

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

(b) Employees' emoluments

The five individuals with the highest emoluments in the Group included one Director (2015: one), details of whose emoluments are set out in Note 14(a) above. Details of the emoluments of the remaining four (2015: four) highest paid individuals were as follows:

	2016 *HK$'000*	2015 *HK$'000*
Salaries and other benefits	3,124	2,489
Contributions to retirement benefits scheme – defined contribution plan	72	72
Share option expenses	317	–
	3,513	2,561

Their emoluments were within the following bands:

	Number of individuals	
	2016	2015
Nil to HK$1,000,000	3	3
HK$1,000,001 to HK$1,500,000	1	1
	4	4

During the years ended 31 December 2016 and 2015, 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 five highest paid individuals 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.

15. 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).

16. (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	2015
	HK$000	*HK$000*
(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	**(332,265)**	90,249

	2016	2015
		(Restated)
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

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 basis 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.

16. (LOSS) EARNINGS PER SHARE (CONTINUED)

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	2015
	HK$000	*HK$000*
		(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	**(332,265)**	90,249
Add: loss for the year from discontinued operation	**11,344**	21,677
(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	**(320,921)**	111,926

	2016	2015
		(Restated)
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

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.

17. 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 2015	6,100	63,710	15,675	35,598	14,952	4,507	140,542
Additions	–	3,327	14	1,650	144	11,561	16,696
Written-offs/disposals	–	–	–	(50)	–	(1,140)	(1,190)
At 31 December 2015 and 1 January 2016	6,100	67,037	15,689	37,198	15,096	14,928	156,048
Additions	–	10,864	37	2,132	299	751	14,083
Disposal of subsidiaries *(Note 37)*	–	(61,785)	(14,846)	(32,207)	(13,796)	(3,946)	(126,580)
Reclassified as assets held for sale *(Note 13)*	(6,100)	–	–	–	–	–	(6,100)
Written-offs/disposals	–	(5,570)	(869)	(4,724)	(1,314)	(311)	(12,788)
At 31 December 2016	–	10,546	11	2,399	285	11,422	24,663
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2015	383	41,329	10,427	21,336	11,195	1,733	86,403
Provided for the year	153	11,173	1,979	5,627	1,535	1,759	22,226
Eliminated on written-offs/disposals	–	–	–	(50)	–	(375)	(425)
Impairment loss recognised for the year	–	4,133	1,075	2,842	407	–	8,457
At 31 December 2015 and 1 January 2016	536	56,635	13,481	29,755	13,137	3,117	116,661
Provided for the year	153	4,698	736	2,405	742	2,737	11,471
Disposal of subsidiaries *(Note 37)*	–	(55,370)	(13,458)	(27,924)	(12,895)	(1,901)	(111,548)
Reclassified as assets held for sale *(Note 13)*	(689)	–	–	–	–	–	(689)
Eliminated on written-offs/disposals	–	(4,463)	(752)	(3,557)	(974)	(257)	(10,003)
At 31 December 2016	–	1,500	7	679	10	3,696	5,892
CARRYING VALUES							
At 31 December 2016	–	9,046	4	1,720	275	7,726	18,771
At 31 December 2015	5,564	10,402	2,208	7,443	1,959	11,811	39,387

17. 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.

As at 31 December 2015, the leasehold land and building with a net carrying value of approximately HK$5,564,000 was pledged to secure bank borrowings of the Group. Details of borrowings are set out in Note 28. The pledged asset is transferred to assets classified as held for sale as at 31 December 2016.

Before the disposal of the Chinese restaurant operation, the Group ceased to operate one of the Chinese restaurants due to continuous loss-making, therefore, the Directors conducted a review of the Group's property, plant and equipment and determined that a number of those assets were written-off. Accordingly, written-off of property, plant and equipment of approximately of HK$1,107,000, HK$117,000, HK$1,167,000 and HK$340,000 respectively have been recognised in respect of leasehold improvements, air-conditioning, equipment and kitchen utensils and furniture and fixtures respectively.

During the year ended 31 December 2015, the Directors conducted a review of the Group's property, plant and equipment and determined that a number of those assets were impaired due to adversely affected by the unfavorable market condition in Hong Kong. Accordingly, impairment losses of approximately HK$4,133,000, HK$1,075,000, HK$2,842,000 and HK$407,000 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 catering services segment. The recoverable amounts of the relevant assets have been determined on the basis of fair value less costs of 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 was within Level 3 fair value hierarchy. In estimating the fair value of those impaired assets, the Directors assumed that the assets will be sold at the respective existing state.

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Level 3 *HK$'000*	Recoverable amount/ fair value as at 31 December 2015 *HK$'000*
Leasehold improvements	4,445	4,445
Air-conditioning	856	856
Equipment and kitchen utensils	3,215	3,215
Furniture and fixtures	577	577

There was no transfer in or out of Level 3 during the year ended 31 December 2015.

18. GOODWILL

	HK$'000
COST AND CARRYING VALUE	
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	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 amount of the above CGU and the 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 the Valuer 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 16.8% (2015: 16.1%). Cash flows beyond the 5-year period has been extrapolated using a steady 3.0% (2015: 3.5%) growth rate. This growth rate is based on relevant 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 considered that no impairment should be recognised on the goodwill as at 31 December 2016 and 2015.

19. INTANGIBLE ASSET

	Exclusive rights *HK$'000*
COST	
Arising on acquisition of a subsidiary *(Note 36(b))* during the year ended 31 December 2015, at 31 December 2015, 1 January 2016 and 31 December 2016	4,648
AMORTISATION	
Amortisation during the year ended 31 December 2015 and at 1 January 2016	12
Provided for the year	180
At 31 December 2016	192
CARRYING VALUE	
At 31 December 2016	4,456
At 31 December 2015	4,636

The above exclusive rights comprises of exclusive right of setting up dessert catering restaurant under the trademark of "Lucky Dessert 發記甜品" and exclusive right to use the trademark "Lucky Dessert 發記甜品"in Singapore.

The exclusive rights were purchased through an acquisition of a subsidiary in last year and have finite useful lives and is amortised on a straight-line basis over the contract term for use of trademark of 25 years.

20. INTEREST IN AN ASSOCIATE/LOAN TO/AMOUNT DUE FROM AN ASSOCIATE

	2016	2015
	HK$'000	*HK$'000*
Cost of unlisted investment in an associate	**92,654**	92,654
Share of post-acquisition (loss) profit and other comprehensive income *(Note (a))*	**(37,198)**	5,355
Share of other reserve *(Note (b))*	**(182)**	(182)
	55,274	97,827
Non-current asset		
Loan to an associate *(Note (c))*	**–**	2,959
Current assets		
Loan to an associate *(Note (c))*	**3,085**	–
Amount due from an associate *(Note (d))*	**20**	29

Notes:

(a) A gain on acquisition of approximately HK$16,707,000 was recognised and included in the share of profit of an associate for the year ended 31 December 2015. Details of which are set out in Note 36(a).

For the year ended 31 December 2016, the associate had recurring loss in operations due to the fierce competition in dessert industry in the PRC. The management reviewed the interest in an associate for impairment and determined that the intangible asset as held by the associate was impaired based on a valuation prepared by the Valuer. The fair value of the intangible asset, the trademarks of "發記甜品" registered in the PRC, was determined using the value-in-use model based on financial budgets prepared by the management. The unobservable inputs included revenue growth rate of 3% per annum and pre-tax discount rate of 20.59% per annum. As a result, an impairment loss on intangible asset was recognised by that associate and the Group's share of approximately HK$29,804,000 was included in the share of loss of an associate for the year ended 31 December 2016.

(b) Amount represented transactions with non-controlling interests of the subsidiaries of the associate.

(c) The loan to an associate is unsecured, bearing interest of 1% plus the best lending rate of HSBC fixed as at the date of drawn down (i.e. 6% per annum) and repayable on 29 April 2017.

(d) The amount due from an associate is unsecured, interest-free and repayable on demand.

20. INTEREST IN AN ASSOCIATE/LOAN TO/AMOUNT DUE FROM AN ASSOCIATE (CONTINUED)

As at 31 December 2016 and 2015, the Group had interests in the following material associates:

Name of entity	Form of entity	Country of incorporation/ registration	Place/Principal place of operation	Issued and paid up/ registered capital	Proportion of ownership interests or participating shares held by the Group		Proportion of voting power held	Principal activity
					Directly	Indirectly		
Lucky Dessert (China) Holdings Limited	Incorporated	British Virgin Islands (the "BVI")	Hong Kong	United States Dollars ("USD") 100	49%	–	49%	Investment holding
Lucky Dessert (China) Limited	Incorporated	Hong Kong	Hong Kong	HK$100	–	49% *(Note)*	49%	Investment holding
幸運甜品餐飲管理（深圳）有限公司	Incorporated	The PRC	The PRC	HK$3,050,000	–	49% *(Note)*	49%	Trademark holding, catering management and consulting
天津凱沃萊爾餐飲有限公司	Incorporated	The PRC	The PRC	Renminbi ("RMB") 1,000,000	–	49% *(Note)*	49%	Restaurant operations

Note: These entities are wholly-owned subsidiaries of Lucky Dessert (China) Holdings Limited.

The above table lists the associate of the Group which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of the associates would, in the opinion of the Directors, result in particulars of excessive length.

20. INTEREST IN AN ASSOCIATE/LOAN TO/AMOUNT DUE FROM AN ASSOCIATE (CONTINUED)

The summarised financial information in respect of the Group's associate that is accounted for using the equity method are set out below:

	2016	2015
	HK$'000	*HK$'000*
Current assets	**1,671**	3,566
Non-current assets	**157,027**	270,301
Current liabilities	**(6,849)**	(7,117)
Non-current liabilities	**(39,045)**	(67,104)
	112,804	199,646

	2016	2015
	HK$'000	*HK$'000*
Revenue	**4,515**	2,856
Loss for the year	**(77,865)**	(10,313)
Other comprehensive expense for the year	**(8,977)**	(12,853)
Total comprehensive expense for the year	**(86,842)**	(23,166)

The reconciliation of the summarised financial information presented above to the carrying amount of the interest in the associate is set out below:

	2016	2015
	HK$'000	*HK$'000*
Net assets of an associate	**112,804**	199,646
Proportion of the Group's ownership interest in the associate	**49%**	49%
Carrying amount of the Group's interest in the associate	**55,274**	97,827

21. INVENTORIES

	2016	2015
	HK$'000	*HK$'000*
Food and beverages	**367**	7,197
Consumables	**–**	1,018
	367	8,215

22. LOAN AND INTEREST RECEIVABLES

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

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.

22. LOAN AND INTEREST RECEIVABLES (CONTINUED)

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 ***HK$'000***	2015 *HK$'000*
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**	–
	155,875	129,687

22. LOAN AND INTEREST RECEIVABLES (CONTINUED)

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	2015
	HK$'000	*HK$'000*
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
	155,875	129,687

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

	2016	2015
	HK$'000	*HK$'000*
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**	–
	155,875	129,687

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.

23. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Non-current		
Rental deposits	**240**	7,703
Deposit paid for acquisition of property, plant and equipment	**10**	3,387
	250	11,090
Current		
Trade receivables	**9,838**	9,112
Consideration receivable *(Note 37)*	**48,175**	–
Prepayments, deposits and other receivables *(Note)*	**1,737**	17,163
	49,912	17,163
	59,750	26,275

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	2015
	HK$'000	*HK$'000*
Within 30 days and neither past due nor impaired	**7,775**	9,110
31 – 60 days	**2,063**	2
	9,838	9,112

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.

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

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

	2016	2015
	HK$'000	*HK$'000*
1 – 30 days	**2,063**	2

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	HK$'000	*HK$'000*
Unlisted investments		
– Unlisted funds	**26,570**	45,992
Listed investments		
– Equity securities listed in Hong Kong	**66,322**	359,787
– Debt securities *(Note)*	**–**	12,511
– Funds listed in Hong Kong	**–**	4,279
	92,892	422,569

Note: As at 31 December 2015, debt securities carried fixed interest rate ranging from 6.375% to 7.5% per annum and without maturity. The debt securities were listed in Hong Kong and overseas.

As at 31 December 2015, the carrying amount of financial assets at FVTPL which were pledged as security for the Group's borrowing was approximately HK$55,357,000 (2016: Nil). Details of borrowings are set out in Note 28. The security was released upon the settlement of borrowings during the year ended 31 December 2016.

25. 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.

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

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**4,231**	15,481
Payables for acquisition of property, plant and equipment	**2,200**	1,166
Other payables	**895**	2,864
Consideration payable *(Note 36(b))*	**–**	2,200
Accruals	**9,141**	25,940
Deposits received	**6,043**	5,912
	18,279	38,082
	22,510	53,563

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	2015
	HK$'000	*HK$'000*
Within 30 days	**3,160**	12,171
31 – 60 days	**1,071**	3,259
61 – 90 days	**–**	20
Over 90 days	**–**	31
	4,231	15,481

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).

27. PROVISION FOR REINSTATEMENT COSTS

	2016 *HK$'000*	2015 *HK$'000*
At 1 January	**4,083**	3,879
Unwinding of discount on provision	**115**	204
Disposal of subsidiaries *(Note 37)*	**(4,198)**	–
At 31 December	**–**	4,083
Analysed into		
Current portion	**–**	762
Non-current portion	**–**	3,321
	–	4,083

Provision for reinstatement costs was 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 2015 and up to the disposal date of the subsidiaries was 5.25% per annum.

28. BORROWINGS/PROMISSORY NOTE

	2016 HK$'000	2015 HK$'000
Borrowings		
Mortgage loan, repayable on demand	–	1,858
Instalment loan, repayable on demand	166	1,166
Bank loans *(Note)*	1,512	30,848
Bank overdrafts	486	497
Secured bank borrowings	2,164	34,369
Unsecured other borrowing	1,400	1,400
	3,564	35,769
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 *(Note)*	Instalment loan
Carrying amount *(HK$'000)*		
– 31 December 2016	–	166
– 31 December 2015	1,858	1,166
Contractual instalments	120	36
Outstanding instalments		
– 31 December 2016	–	2
– 31 December 2015	72	14

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

28. BORROWINGS/PROMISSORY NOTE (CONTINUED)

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

	2016	2015
	HK$'000	*HK$'000*
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
	3,564	35,769

Mortgage loan carried interest at 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).

28. BORROWINGS/PROMISSORY NOTE (CONTINUED)

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

	2016 **HK$'000**	2015 *HK$'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.

28. BORROWINGS/PROMISSORY NOTE (CONTINUED)

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 HSBC plus 1% per annum on 1 April 2016 regarding the acquisition of Brilliant Forever Limited ("Brilliant Forever"), details are disclosed in Note 36(a). 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 *(Notes 36(a)(ii) and 40(i))*	96,000
Interest charge *(Notes 10 and 36(a)(ii))*	4,076
Settlement during the year	(23,000)
Balance as at 31 December 2016	77,076

29. DEFERRED TAX

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

	2016 ***HK$'000***	2015 *HK$'000*
Deferred tax assets	**907**	8,560
Deferred tax liabilities	**(1,016)**	(45,685)
	(109)	(37,125)

As at 31 December 2016, deferred tax liabilities of approximately HK$878,000 (2015: HK$5,458,000) have been presented as an offset to deferred tax asset of the same taxable entity in the consolidated statement of financial position.

29. 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 2015	2,838	1,265	4,103
Credited to profit or loss	264	4,193	4,457
At 31 December 2015 and 1 January 2016	**3,102**	**5,458**	**8,560**
Credited (charged) to profit or loss	**108**	**(3,877)**	**(3,769)**
Disposal of subsidiaries *(Note 37)*	**(3,181)**	**(703)**	**(3,884)**
At 31 December 2016	**29**	**878**	**907**

	Accelerated tax depreciation *HK$'000*	Unrealised gain on financial assets at FVTPL *HK$'000*	Total *HK$'000*
Deferred tax liabilities			
At 1 January 2015	(1,256)	(15,403)	(16,659)
Credited (charged) to profit or loss	138	(29,164)	(29,026)
At 31 December 2015 and 1 January 2016	**(1,118)**	**(44,567)**	**(45,685)**
Credited to profit or loss	**211**	**43,754**	**43,965**
Disposal of subsidiaries *(Note 37)*	**704**	**–**	**704**
At 31 December 2016	**(203)**	**(813)**	**(1,016)**

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 2016, the Group had tax losses carry-forwards and other deductible temporary differences of approximately HK$50,134,000 (2015: HK$84,792,000) and HK$32,891,000 (2015: HK$45,391,000) respectively. Tax losses can be carried forward against future taxable income indefinitely.

29. DEFERRED TAX (CONTINUED)

As at 31 December 2016, the Group did not recognise deferred tax assets in respect of tax losses and deductible temporary differences of approximately HK$44,813,000 (2015: HK$51,714,000) and HK$32,716,000 (2015: HK$26,593,000) respectively due to the unpredictability of future profit stream. The unrecognised tax losses and deductible temporary differences brought forward from 2015 decreased by approximately HK$39,666,000 and HK$26,541,000 respectively were due to disposal of subsidiaries.

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

30. SHARE CAPITAL (CONTINUED)

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 alloted 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.

30. SHARE CAPITAL (CONTINUED)

Notes: (Continued)

(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. Details of which are set out in Note 31.

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

31. 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 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.

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.

31. SHARE OPTION SCHEME (CONTINUED)

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 on 12 January 2012 and share consolidation on 28 June 2016) 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.

Where the proposed grant of option to a Director, chief executive, substantial shareholder and/or an independent non-executive director of the Company or any of their respective associates would result in such person in any 12-month period up to and including the date of grant: (i) representing in aggregate over 0.1% of the total issued shares at the date of grant; and (ii) having an aggregate value, based on the closing price of the shares at the date of grant, in excess of HK$5 million, then such grant must be subject to the approval of the shareholders in general meeting taken on a poll.

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 (the "Board") 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; and (iii) the nominal value of a share.

31. SHARE OPTION SCHEME (CONTINUED)

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. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised, but the Board may, subject to the provisions of the GEM Listing Rules, in its absolute discretion when granting the option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as it may think fit.

As at 31 December 2016, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 16,640,000 (2015: no share options have been granted and outstanding), representing 2.08% (2015: Nil) of the shares of the Company in issue at that date.

Details of the share options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Closing price of the share immediately before the date of grant
1 September 2016	N/A	1 year from the date of grant	HK$0.24	HK$0.174

31. SHARE OPTION SCHEME (CONTINUED)

The following table discloses movements of the Company's share options held by the Directors, employees and other individuals during the year:

	Date of grant	Exercise price per option HK$	Exercise period	Number of share options: Balance as at 1 January 2015, 31 December 2015 and 1 January 2016	Granted during the year	Exercised during the year	Expired/ lapsed/ cancelled during the year	Balance as at 31 December 2016
Directors and chief executive								
Mr. Yu Ka Ho	1 September 2016	0.24	1 year from the date of grant	–	320,000	–	–	320,000
Employees	1 September 2016	0.24	1 year from the date of grant	–	9,280,000	(8,960,000)	–	320,000
Individuals in aggregate	1 September 2016	0.24	1 year from the date of grant	–	22,400,000	(6,400,000)	–	16,000,000
				–	32,000,000	(15,360,000)	–	16,640,000
Exercisable at the end of the year								16,640,000
				HK$	*HK$*	*HK$*	*HK$*	*HK$*
Weighted average exercise price				–	0.24	0.24	–	0.24

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$0.2413 (2015: Nil) and the weighted average share price at the dates immediately before the exercise is HK$0.2465 (2015: Nil)

During the year ended 31 December 2016, options were granted on 1 September 2016 (2015: Nil). The estimated fair value of the options granted on the date is approximately HK$2,880,000 (2015: Nil).

31. SHARE OPTION SCHEME (CONTINUED)

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

	2016	2015
Weighted average share price	**HK$0.24**	N/A
Exercise price	**HK$0.24**	N/A
Expected volatility	**102%**	N/A
Expected life	**1 year**	N/A
Risk-fee rate	**0.39%**	N/A
Expected dividend yield	**0%**	N/A

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expenses of approximately HK$2,880,000 for the year ended 31 December 2016 (2015: Nil) in relation to share options granted by the Company.

32. OPERATING LEASE COMMITMENTS

As lessee

The Group leases certain office premises, warehouses and a yacht under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years (2015: two to eleven years). Rentals were fixed at the inception of the leases.

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

	2016	2015
	HK$'000	*HK$'000*
Within one year	**4,283**	41,146
In the second to fifth years inclusive	**1,200**	39,810
Over five years	**–**	6,700
	5,483	87,656

33. CAPITAL COMMITMENTS

	2016	2015
	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	**–**	538

34. 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$30,000 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 approximately HK$1,223,000 (2015: HK$1,183,000) represents contributions payable to these schemes by the Group from continuing operations in respect of the current accounting period at rates specified in the rules of the plans.

35. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

The Group had the following significant transactions with companies controlled and beneficially owned by the Former Directors and their close family members during both years:

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Rental expenses paid to related companies*	*i*	**6,513**	11,160
Rental expense to a related party	*i*	**2,400**	1,400
Purchase of goods from related companies*	*ii*	**3,232**	7,858
Purchase of goods from a related company	*ii*	**–**	578
Interest income received from loan to an associate	*iii*	**195**	59
Interest expenses paid to a related party	*iv*	**4,076**	–

* The transactions also constituted continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

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.

(iii) Interest income was charged according to the terms of the loan agreement entered into between the parties.

(iv) Interest expenses was charged according to the terms of the promissory note entered into between the parties. Details of which are set out in Note 28.

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other transactions with related parties

Compensation of key management personnel

The remuneration of Directors and other members of key management during the years ended 31 December 2016 and 2015 are as follows:

	2016	2015
	HK$'000	*HK$'000*
Short-term benefits	**2,696**	1,896
Post-employment benefits	**39**	28
Share option expenses	**58**	–
	2,793	1,924

(c) Other transactions with related parties

(i) On 10 March 2016, the Company entered into the Sales and Purchase Agreement to dispose of its entire issued share capital of GR Holdings and the Sale Loan to the Former Directors. This constituted a connected transaction of the Company.

Further details of the disposal were set out in the Company's announcements dated 10 March 2016, 22 April 2016, 6 May 2016, 27 June 2016 and 3 August 2016 and the circular of the Company dated 20 May 2016.

The disposal was completed on 1 August 2016. Details of which are set out in Notes 12 and 37.

(ii) On 19 December 2014, Food Idea Group Limited ("FIGL"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Wong Tai Chun (as amended and supplemented by two supplemental agreements dated 13 February 2015 and 24 March 2015 respectively) in respect of the acquisition of the entire equity interests in Brilliant Forever, a company incorporated in the BVI with limited liability, at a maximum consideration of HK$100,000,000. Mr. Wong Tai Chun is the son of the Former Directors. This constituted a connected transaction of the Company.

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

The acquisition was completed on 29 April 2015. Details of which are set out in Note 36(a).

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Other transactions with related parties (Continued)

(iii) On 29 April 2015, FIGL as a lender and an associate of Brilliant Forever, Lucky Dessert (China) Holdings Limited ("Lucky Dessert (BVI)") as a borrower entered into a loan agreement, pursuant to which FIGL agreed to make available to Lucky Dessert (BVI) a revolving loan facility up to HK$15,000,000 for a term of 24 months from the date of the loan agreement at the best lending rate of the HSBC plus 1% per annum. Approximately HK$15,000,000 has drawn by Lucky Dessert (BVI) and approximately HK$12,041,000 was repaid in 2015. As at 31 December 2016, the loan facility has been utilised to the amount of approximately HK$3,085,000 (2015: HK$2,959,000).

Details of the loan arrangement are set out the Company's announcement dated 29 April 2015. Details of which are set out in Note 20.

36. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2015

(a) Pursuant to the sales and purchase agreement dated 19 December 2014, the Group acquired 100% of the issued share capital of Brilliant Forever as well as the shareholder's loan at a consideration of:

(i) HK$4,000,000 in cash as an initial consideration;

(ii) The remaining part of the consideration was capped at HK$96,000,000 and was subject to a downward adjustment in proportion to a valuation of Brilliant Forever and its associate ("Brilliant Forever Group") as at 31 December 2015 (the "2015 Valuation") compared to the valuation of Brilliant Forever Group as at 31 October 2014 (the "2014 Valuation") and was payable by the issuance of promissory note of the Company. The promissory note was issued after obtaining the 2015 valuation. The detail calculation of the remaining part of the consideration and the terms of the promissory note were disclosed in the circular dated on 27 March 2015.

The transaction was completed on 29 April 2015.

Brilliant Forever is an investment holding company which holds 49% equity interest in an associate principally engaging in dessert catering business under the trademark of "Lucky Dessert 發記甜品" in the PRC. The acquisition has been accounted for as an acquisition of assets as Brilliant Forever has not commenced any business at the date of acquisition.

36. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2015 (Continued)

(a) (Continued)

Consideration transferred

	HK$'000
Cash	**4,000**
Contingent consideration payable *(Note)*	**87,198**
Transactions costs attributable to the acquisition	**1,381**
	92,579

The identifiable assets and liabilities recognised at the date of acquisition were as follows:

	HK$'000
Interest in an associate	**92,654**
Other payables and accruals	**(75)**
	92,579

Net cash outflow on acquisition

	HK$'000
Cash consideration paid	**4,000**
Transaction costs attributable to the acquisition	**1,381**
	5,381

Notes:

(i) As at the date of acquisition, the fair value of identifiable assets and liabilities of the associate amounting to approximately RMB86,263,000 (equivalent to approximately HK$109,286,000) while the consideration for the transaction was approximately HK$92,579,000 and HK$16,707,000 gain on acquisition was resulted. The gain on acquisition was included in the share of profit of an associate in 2015.

36. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2015 (Continued)

(a) (Continued)

(ii) The fair values of the contingent consideration payable as at the acquisition date and as at 31 December 2015 were approximately HK$87,198,000 and HK$94,780,000 respectively. During the year ended 31 December 2015, change in fair value of contingent consideration payable of approximately HK$7,582,000 was recognised in profit or loss.

The contingent consideration payable was settled by issuing the promissory note of HK$96,000,000 on 1 April 2016, which carries interest at the Prime Rate from time to time quoted from the HSBC plus 1% per annum on the outstanding principal amount and payable on the maturity date, and will mature on the second anniversary from the date of issue of the promissory note. During the year ended 31 December 2016, change in fair value of contingent consideration payable of approximately HK$1,220,000 and interest expense of the promissory note of HK$4,076,000 were recognised in profit or loss.

The fair values have been determined based on cash flow forecast projections of the Brilliant Forever Group with reference to valuations performed by the Valuer which were within Level 3 fair value measurements hierarchy as disclosed in Note 6(c).

(b) Pursuant to the sales and purchase agreement dated 9 June 2015, the Group acquired 51% of the issued share capital of Lucky Dessert Singapore Pte. Ltd at a consideration of HK$2,200,000 in cash, which was engaged in investment holding and holding the exclusive rights of using the trademark of "Lucky Dessert 發記甜品" in Singapore. The transaction was completed on 9 December 2015. The acquisition has been accounted for as an acquisition of assets as Lucky Dessert Singapore Pte. Ltd did not commenced any business at the date of acquisition, i.e. 9 December 2015.

Consideration transferred

	HK$'000
Consideration payable *(Note 26)*	**2,200**
Transaction cost attributable to the acquisition	**173**
	2,373

36. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2015 (Continued)

(b) (Continued)

The identifiable assets and liabilities recognised at the date of acquisition were as follows:

	HK$'000
Intangible asset *(Note 19)*	4,648
Prepayment	5
Other payables	(166)
	4,487
Non-controlling interests	(2,114)
	2,373

Net cash outflows on acquisition

	HK$'000
Transaction costs attributable to the acquisition	173

37. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2016

As described in Note 12, the Company entered into the Sale and Purchase Agreement in respect of disposal of its entire issued share capital of GR Holdings and the Sale Loan and was completed on 1 August 2016. The net assets of the Disposal Group at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	NOTES	HK$'000
Property, plant and equipment	17	15,032
Deposits paid for acquisition of property, plant and equipment		2,685
Deferred tax assets	29	3,180
Inventories		9,484
Trade receivables		1,568
Rental deposits		12,077
Prepayments, deposits and other receivables		11,452
Income tax recoverable		1,542
Financial assets at FVTPL		31,049
Pledged bank deposits		1,525
Bank balances and cash		8,672
Trade payables		(6,140)
Other payables, accruals and deposits received		(24,070)
Amounts due to the holding company		(38,626)
Provision for reinstatement costs	27	(4,198)
Income tax payable		(31)
Non-controlling interests		(652)
Net assets disposed of		24,549

As the Disposal Group was disposed of at its net asset value at the date of disposal, neither gain nor loss was arised from the disposal of the Disposal Group.

37. DISPOSAL OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2016 (Continued)

Consideration of the disposal

	HK$'000
Net assets of the Disposal Group	**24,549**
Sale Loan	**38,626**
Consideration of the disposal	**63,175**
Less: cash consideration received	**(15,000)**
Consideration receivable (included in prepayments, deposits and other receivables) *(Note 23)*	**48,175**

The consideration receivable will be settled in cash by the purchaser within 10 business days from the date of certificate which should be issued on or before 31 May 2017.

Net cash inflow arising on disposal of the Disposal Group:

	HK$'000
Cash consideration received	**15,000**
Less: bank balances and cash disposed of	**(8,672)**
	6,328

The impact of the Disposal Group on the Group's results and cash flows in the current and prior periods is disclosed in Note 12.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2016 HK$'000	2015 HK$'000
Non-current assets		
Investment in subsidiaries	–	13,086
Property, plant and equipment	114	167
	114	13,253
Current assets		
Prepayments, deposits and other receivables	48,595	191
Amounts due from subsidiaries	259,392	403,775
Income tax recoverable	–	111
Bank balances and cash	1,412	750
	309,399	404,827
Current liability		
Other payables	7,250	1,390
Net current assets	302,149	403,437
Total assets less current liability	302,263	416,690
Non-current liability		
Promissory note	77,076	–
	225,187	416,690
Capital and reserves		
Share capital	7,988	6,528
Reserves *(Note)*	217,199	410,162
	225,187	416,690

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

Note: Reserves

	Share premium HK$'000	Share option reserve HK$'000	Capital reserve HK$'000 (Note)	Retained profits (accumulated losses) HK$'000	Total HK$'000
At 1 January 2015	65,421	–	12,706	974	79,101
Loss and other comprehensive expenses for the year	–	–	–	(1,219)	(1,219)
Issue of new shares *(Note 30)*	338,560	–	–	–	338,560
Transaction costs attribute to the issue of new shares	(6,280)	–	–	–	(6,280)
At 31 December 2015 and 1 January 2016	**397,701**	**–**	**12,706**	**(245)**	**410,162**
Loss and other comprehensive expenses for the year	**–**	**–**	**–**	**(217,696)**	**(217,696)**
Recognition of equity-settled share based payments *(Note 31)*	**–**	**2,880**	**–**	**–**	**2,880**
Issue of new shares *(Note 30)*	**18,670**	**–**	**–**	**–**	**18,670**
Issue of shares upon exercise of share options *(Note 30)*	**4,914**	**(1,382)**	**–**	**–**	**3,532**
Transaction costs attribute to the issue of new shares	**(349)**	**–**	**–**	**–**	**(349)**
At 31 December 2016	**420,936**	**1,498**	**12,706**	**(217,941)**	**217,199**

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.

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Group as at 31 December 2016 and 2015 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid up ordinary share capital	Percentage of ownership interest attributable to the Company				Proportion of voting power held by the Company		Principal activities
			2016		2015		2016	2015	
			Direct	Indirect	Direct	Indirect			
GR Holdings^	Samoa	USD100	–	–	100%	–	–	100%	Investment holding
Gayety Limited^	Hong Kong	HK$1	–	–	–	100%	–	100%	Restaurant operations, license holding and securities investment
Jubilant Company Limited^	Hong Kong	HK$1	–	–	–	100%	–	100%	Central procurement operations
Red Seasons Limited^	Hong Kong	HK$2	–	–	–	100%	–	100%	Restaurant operations and license holding
Red Seasons Corporation Limited^	Hong Kong	HK$2	–	–	–	100%	–	100%	Restaurant operations and license holding
Red Seasons Catering Limited^	Hong Kong	HK$2	–	–	–	100%	–	100%	Restaurant operations and license holding
Tin Ho Restaurant Limited^	Hong Kong	HK$800,000	–	–	–	70%	–	100%	Restaurant operations and license holding
Blissful Dragon Limited	BVI	USD1	–	100%	–	100%	100%	100%	Property holding
Red Seasons Developments Limited^	Hong Kong	HK$2,100,000	–	–	–	100%	–	100%	Restaurant operations and license holding
Home-made Cuisine Investments Limited^	Hong Kong	HK$3,800,000	–	–	–	100%	–	100%	Restaurant operations and license holding

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

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid up ordinary share capital	Percentage of ownership interest attributable to the Company				Proportion of voting power held by the Company		Principal activities
			2016		2015		2016	2015	
			Direct	Indirect	Direct	Indirect			
Big Excellent Limited^	Hong Kong	HK$1	**–**	**–**	–	100%	**–**	100%	Restaurant operations and license holding
Food Idea Food Trading Limited	Hong Kong	HK$1	**–**	**100%**	–	100%	**100%**	100%	Securities investment
Happy Credit Limited	Hong Kong	HK$1	**100%**	**–**	100%	–	**100%**	100%	Money lending
Winteam Development Limited	Hong Kong	HK$1	**–**	**100%**	–	100%	**100%**	100%	Investment holding
Food Idea (Hong Kong) Limited	Hong Kong	HK$1	**–**	**100%**	–	100%	**100%**	100%	Securities investment
Lucky Great Investment Limited ("Lucky Great")	Hong Kong	HK$3,750,000	**–**	**83%**	–	83%	**100%**	100%	Investment holding
Nicecity Limited ("Nicecity")	Hong Kong	HK$50,000	**–**	**48%**	–	48% *(Note)*	**60%**	60%	Production, sales and distribution of food products
Excellent Catering Management Limited ("Excellent Catering")	Hong Kong	HK$10,000	**–**	**48%**	–	48% *(Note)*	**60%**	60%	Production, sales and distribution of food products
Brilliant Forever*	BVI	USD50,000	**–**	**100%**	–	100%	**100%**	100%	Investment holding
Lucky Dessert Singapore Pte. Ltd.*	Singapore	S$100	**–**	**51%**	–	51%	**67%**	67%	Investment holding and exclusive rights holding

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

* Subsidiary acquired during the year ended 31 December 2015

^ Subsidiary disposed during the year ended 31 December 2016

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

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

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

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

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	
		2016	2015
Investment holding	Hong Kong	**3**	3
Inactive	Hong Kong	**3**	7
Inactive	PRC	**1**	1
		7	11

None of the subsidiaries have non-controlling interests that are material to the Group.

40. MAJOR NON-CASH TRANSACTION

(i) During the year ended 31 December 2016, the Company issued a promissory note of HK$96,000,000 of which details are disclosed in Note 28.

(ii) During the year ended 31 December 2016, the Company acquired HK$998,000 equity interest in an available-for-sale investment, which was settled by the other receivable of HK$998,000 as at 31 December 2015.

41. COMPARATIVES

Certain items related to the discontinued operation during the year ended 31 December 2015 have been restated to conform to current year's presentation.

As such reclassification adjustment has no impact to the consolidated statement of financial position, the consolidated statement of financial position as at 1 January 2015 is not presented.

42. 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 placees 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 an 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 report.

SUMMARY OF FINANCIAL INFORMATION

RESULTS (Continuing and discontinued operations)		**Year ended 31 December**			
	2016	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**286,068**	465,652	464,924	386,262	357,844
(Loss) profit before tax	**(371,671)**	118,397	100,798	28,867	29,974
Income tax credit (expenses)	**39,241**	(28,092)	(20,160)	(5,373)	(5,533)
(Loss) profit for the year	**(332,430)**	90,305	80,638	23,494	24,441

		As at 31 December			
ASSETS AND LIABILITIES	**2016**	2015	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	**260,411**	633,494	208,975	94,036	84,198
Non-current assets	**159,531**	221,689	76,944	90,574	79,479
Total assets	**419,942**	855,183	285,919	184,610	163,677
Current liabilities	**27,648**	90,456	61,376	53,098	48,589
Non-current liabilities	**77,214**	138,328	18,765	4,139	2,026
Total liabilities	**104,862**	228,784	80,141	57,237	50,615
Net assets	**315,080**	626,399	205,778	127,373	113,062
Equity attributable to owners of the Company	**313,460**	623,962	204,611	124,411	110,205
Non-controlling interests	**1,620**	2,437	1,167	2,962	2,857
	315,080	626,399	205,778	127,373	113,062