



新煮意控股有限公司
Food Idea Holdings Limited

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

Interim Report
2017

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

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

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This report, for which the directors (the “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.

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wong Hoi Yu (*Chairman*)

Mr. Yu Ka Ho (*Chief executive officer*)

Independent non-executive Directors

Mr. Li Fu Yeung

Mr. Kwan Wai Yin, William

Mr. Tam Lok Hang

Compliance Officer

Mr. Yu Ka Ho

Authorised Representatives

Mr. Yu Ka Ho

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

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

Remuneration Committee Members

Mr. Tam Lok Hang (*Chairman*)

Mr. Li Fu Yeung

Mr. Kwan Wai Yin, William

Nomination Committee Members

Mr. Li Fu Yeung (*Chairman*)

Mr. Kwan Wai Yin, William

Mr. Tam Lok Hang

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Registered Office

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KY1-1111
Cayman Islands

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

Room A, 6/F
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338 Hennessy Road
Wanchai
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Hong Kong Share Registrar and Transfer Office

Union Registrars Limited
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338 King's Road
North Point, Hong Kong

Company Website

www.foodidea.com.hk

GEM Stock Code

8179



HIGHLIGHTS

- The Group's revenue from continuing operations for the six months ended 30 June 2017 slightly increased by approximately 1% to approximately HK\$50.81 million (2016: HK\$50.50 million).
- Loss attributable to the owners of the Company for the six months ended 30 June 2017 was approximately HK\$73.10 million (2016: HK\$66.89 million).
- Basic loss per share for the six months ended 30 June 2017 was approximately HK6.08 cents (2016: HK9.75 cents (restated)).

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 June 2017 (the “Interim Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2016, as follows:

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

For the three months and six months ended 30 June 2017

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Continuing operations					
Revenue	6	25,789	24,353	50,814	50,496
Other income		216	83	323	115
Cost of inventories consumed		(9,943)	(9,102)	(19,218)	(18,958)
Employee benefits expenses		(10,228)	(7,684)	(19,986)	(15,946)
Depreciation		(1,242)	(861)	(2,540)	(1,698)
Amortisation		(46)	(45)	(98)	(90)
Operating lease rentals and related expenses		(794)	(1,217)	(1,998)	(2,458)
Utilities expenses		(191)	(267)	(401)	(500)
Loss on disposal of financial assets at fair value through profit or loss		(30,899)	-	(33,611)	-
Loss on fair value change of financial assets at fair value through profit or loss		(3,701)	(99,481)	(17,333)	(45,016)
Change in fair value of contingent consideration payable		-	-	-	(1,220)
Other operating expenses		(13,079)	(13,223)	(24,901)	(22,782)
Share of loss of an associate		(1,585)	(2,044)	(2,966)	(3,652)
Finance costs	7	(470)	(1,682)	(1,552)	(1,856)
Loss before tax from continuing operations	8	(46,173)	(111,170)	(73,467)	(63,565)
Income tax credit (expenses)	9	-	15,138	(43)	4,451
Loss for the period from continuing operations		(46,173)	(96,032)	(73,510)	(59,114)
Discontinued operation					
Loss for the period from a discontinued operation	10	-	(5,893)	-	(7,583)
Loss for the period		(46,173)	(101,925)	(73,510)	(66,697)

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

For the three months and six months ended 30 June 2017

Notes	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Other comprehensive income (expenses) for the period: <i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	3	(16)	5	(10)
Share of foreign currency translation reserve of an associate	1,021	(2,445)	1,532	(1,785)
	1,024	(2,461)	1,537	(1,795)
Total comprehensive expenses for the period	(45,149)	(104,386)	(71,973)	(68,492)
Loss for the period attributable to:				
Owners of the Company				
– continuing operations	(45,881)	(96,176)	(73,102)	(59,443)
– discontinued operation	–	(5,797)	–	(7,450)
	(45,881)	(101,973)	(73,102)	(66,893)
Non-controlling interests				
– continuing operations	(292)	144	(408)	329
– discontinued operation	–	(96)	–	(133)
	(292)	48	(408)	196
	(46,173)	(101,925)	(73,510)	(66,697)
Total comprehensive expenses for the period attributable to:				
Owners of the Company				
– continuing operations	(44,857)	(98,637)	(71,565)	(61,238)
– discontinued operation	–	(5,797)	–	(7,450)
	(44,857)	(104,434)	(71,565)	(68,688)
Non-controlling interests				
– continuing operations	(292)	144	(408)	329
– discontinued operation	–	(96)	–	(133)
	(292)	48	(408)	196
	(45,149)	(104,386)	(71,973)	(68,492)
		(Restated)		(Restated)
Loss per share				
From continuing and discontinued operations				
Basic and diluted (<i>HK cents per share</i>)	11	(3.27)	(14.87)	(6.08)
		(14.87)	(6.08)	(9.75)
From continuing operations				
Basic and diluted (<i>HK cents per share</i>)	11	(3.27)	(14.03)	(6.08)
		(14.03)	(6.08)	(8.66)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2017

	Notes	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	17,193	18,771
Goodwill		6,186	6,186
Intangible asset		4,358	4,456
Interest in an associate	14	53,840	55,274
Available-for-sale investment		2,000	1,000
Rental deposits		240	240
Deposits paid for acquisition of property, plant and equipment		4,721	10
Deferred tax assets		29	29
Loan receivables	15	76,870	73,565
		165,437	159,531
Current assets			
Inventories		300	367
Loan and interest receivables	15	128,561	82,310
Trade receivables	16	7,851	9,838
Loan to an associate	14	3,000	3,085
Amount due from an associate	14	167	20
Prepayments, deposits and other receivables		8,894	49,912
Income tax recoverable		51	232
Financial assets at fair value through profit or loss	17	17,762	92,892
Pledged bank deposits		–	2,017
Bank balances and cash		95,853	14,269
		262,439	254,942
Assets classified as held for sale		5,525	5,469
		267,964	260,411

	<i>Notes</i>	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Current liabilities			
Trade payables	<i>18</i>	4,516	4,231
Other payables, accruals and deposits received	<i>18</i>	23,650	18,279
Borrowings	<i>19</i>	1,400	3,564
		29,566	26,074
Liabilities associated with assets classified as held for sale		1,428	1,574
		30,994	27,648
Net current assets		236,970	232,763
Total assets less current liabilities		402,407	392,294
Non-current liabilities			
Promissory note	<i>20</i>	–	77,076
Deferred tax liabilities		–	138
		–	77,214
		402,407	315,080
Capital and reserves			
Share capital	<i>21</i>	19,344	7,988
Reserves		381,851	305,472
Equity attributable to owners of the Company		401,195	313,460
Non-controlling interests		1,212	1,620
		402,407	315,080

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2017

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Shares options reserve HK\$'000	Capital reserve HK\$'000 Note (i)	Other reserve HK\$'000 Note (ii)	Foreign currency translation reserve HK\$'000	(Accumulated loss) Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2017	7,988	420,936	1,498	106	(182)	(10,760)	(106,126)	313,460	1,620	315,080
Loss for the period	-	-	-	-	-	-	(73,102)	(73,102)	(408)	(73,510)
Other comprehensive income for the period										
Exchange differences on translation of foreign operations	-	-	-	-	-	5	-	5	-	5
Share of foreign currency translation reserve of an associate	-	-	-	-	-	1,532	-	1,532	-	1,532
Total comprehensive income (expenses) for the period	-	-	-	-	-	1,537	(73,102)	(71,565)	(408)	(71,973)
Issue of new shares	11,181	146,007	-	-	-	-	-	157,188	-	157,188
Transaction costs attributable to the issue of new shares	-	(1,882)	-	-	-	-	-	(1,882)	-	(1,882)
Issue of shares upon exercise of share options	175	5,317	(1,498)	-	-	-	-	3,994	-	3,994
Balance at 30 June 2017	19,344	570,378	-	106	(182)	(9,223)	(179,228)	401,195	1,212	402,407
Balance at 1 January 2016	6,528	397,701	-	106	(1,154)	(6,330)	227,111	623,962	2,437	626,399
(Loss) profit for the period	-	-	-	-	-	-	(66,893)	(66,893)	196	(66,697)
Other comprehensive expenses for the period										
Exchange differences on translation of foreign operations	-	-	-	-	-	(10)	-	(10)	-	(10)
Share of foreign currency translation reserve of an associate	-	-	-	-	-	(1,785)	-	(1,785)	-	(1,785)
Total comprehensive (expenses) income for the period	-	-	-	-	-	(1,795)	(66,893)	(68,688)	196	(68,492)
Balance at 30 June 2016	6,528	397,701	-	106	(1,154)	(8,125)	160,218	555,274	2,633	557,907

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 the non-controlling interests, capital contributions from non-controlling interests and share of other reserve of an associate.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Net cash flows generated from (used in) operating activities	7,679	(33,282)
Net cash used in investing activities	(4,662)	(8,841)
Net cash generated from (used in) financing activities	79,128	(1,980)
Net increase (decrease) in cash and cash equivalents	82,145	(44,103)
Effect of foreign exchange rate changes	5	(10)
Cash and cash equivalents at beginning of period	13,807	96,157
	95,957	52,044
Cash and cash equivalents at end of period		
Bank balances and cash	95,853	24,313
Bank balances and cash included in assets classified as held for sale	104	28,227
Bank overdrafts	–	(496)
	95,957	52,044

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 February 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The shares of the Company were listed on the GEM of The Stock Exchange since 8 July 2011. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is Room A, 6/F., CNT Tower, 338 Hennessy Road, Wan Chai, Hong Kong.

The Company's principal activity during the period was investment holding. The Group's principal activities during the period 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.

2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 2016 (the "2016 Annual Report"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which are effective for the financial year begin on or after 1 January 2017. The adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared or presented. Accordingly, no prior period adjustment has been required. The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2016 Annual Report.

The Interim Financial Statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values. The Interim Financial Statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Group.

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted the following new and revised HKFRSs, which are effective for the Group's accounting period beginning on or after 1 January 2017.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the new and revised HKFRSs in the current period has had no material effect on the Group's financial performance and positions for the current and prior accounting periods and/or on the disclosures set out in the Interim Financial Statements.

4. ESTIMATES

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2016 Annual Report.

5. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair values 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	
			30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Financial assets				
Equity securities listed in Hong Kong classified as financial assets at fair value through profit or loss ("FVTPL")	Level 1	Quoted bid prices in an active market	17,762	66,322
Unlisted funds classified as financial assets at FVTPL	Level 1	Quotes from investment banks	–	26,570
			17,762	92,892

There was no transfer among Level 1, 2 and 3 during the six months ended 30 June 2017.

The Directors consider that the carrying amount of the non-current financial assets approximate their fair values as the impact of discounting is immaterial.

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

6. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker (“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 during the year ended 31 December 2016. The segment information relating to segment results reported does not include any amounts for this discontinued operation, which is described in more details in Note 10.

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 financial assets at FVTPL (for segment turnover only), dividend income and interest income from both the financial assets at FVTPL and the provision of money lending business.

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment results represent the results from each segment without allocation of certain other income, central administrative costs and finance costs. This is the measure reported to CODM for purposes of resource allocation and performance assessments.

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

	Catering services HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Continuing operations						
For the six months ended 30 June 2017						
SEGMENT TURNOVER	-	45,946	38,867	4,752	(78)	89,487
SEGMENT REVENUE						
External sales	-	45,946	194	4,674	-	50,814
inter-segment sales	-	-	-	78	(78)	-
Total	-	45,946	194	4,752	(78)	50,814
RESULTS						
Segment results	(320)	(20)	(50,749)	4,504	-	(46,585)
Unallocated income						212
Unallocated corporate expenses						(22,576)
Share of loss of an associate	(2,966)	-	-	-	-	(2,966)
Finance costs						(1,552)
Loss before tax						(73,467)
As at 30 June 2017						
ASSETS						
Segment assets	4,358	17,604	19,762	205,431	-	247,155
Interest in an associate	53,840	-	-	-	-	53,840
Loan to an associate	3,000	-	-	-	-	3,000
Amount due from an associate	167	-	-	-	-	167
Unallocated corporate assets						129,239
Consolidated total assets						433,401
LIABILITIES						
Segment liabilities	85	11,870	-	12	-	11,967
Unallocated corporate liabilities						19,027
Consolidated total liabilities						30,994

	Catering services HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Continuing operations						
For the six months ended 30 June 2016						
SEGMENT TURNOVER	-	45,031	1,056	4,486	(77)	50,496
SEGMENT REVENUE						
External sales	-	45,031	1,056	4,409	-	50,496
inter-segment sales	-	-	-	77	(77)	-
Total	-	45,031	1,056	4,486	(77)	50,496
RESULTS						
Segment results	(25)	1,374	(43,960)	3,630	-	(38,981)
Unallocated income						3
Unallocated corporate expenses						(17,859)
Change in fair value of contingent consideration payable	(1,220)	-	-	-	-	(1,220)
Share of loss of an associate	(3,652)	-	-	-	-	(3,652)
Finance costs						(1,856)
Loss before tax						(63,565)
As at 30 June 2016						
ASSETS						
Segment assets	4,580	16,566	349,267	146,090	-	516,503
Interest in an associate	92,390	-	-	-	-	92,390
Loan to an associate	3,084	-	-	-	-	3,084
Amount due from an associate	33	-	-	-	-	33
Assets relating to discontinued operation	158,570	-	-	-	-	158,570
Unallocated corporate assets						49,479
Consolidated total assets						820,059
LIABILITIES						
Segment liabilities	15	10,843	29,195	-	-	40,053
Promissory note	97,440	-	-	-	-	97,440
Liabilities relating to discontinued operation	79,455	-	-	-	-	79,455
Unallocated corporate liabilities						45,204
Consolidated total liabilities						262,152

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, certain deposits, deferred tax assets, income tax recoverable, assets classified as held for sale, 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, liabilities associated with assets classified as held for sale and other liabilities that cannot be allocated to a specific segment.

Geographical information

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

Information about the Group's revenue from external customers is presented based on the location of the operations.

The operation in Singapore has not yet commenced and all revenue from external customers of the Group are derived in Hong Kong for the six months ended 30 June 2017 and 30 June 2016.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets (Note)	
	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Hong Kong (country of domicile)	28,100	24,967
Singapore	4,358	4,456
PRC	53,840	55,274
	86,298	84,697

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

None of the Group's customers contributed 10% or more of the Group's total revenue for both periods.

7. FINANCE COSTS

Continuing operations:

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Interests on borrowings	73	242	134	416
Promissory note	397	1,440	1,418	1,440
	470	1,682	1,552	1,856

8. LOSS BEFORE TAX

Continuing operations:

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss before tax has been arrived at after charging the following:				
Operating lease rentals in respect of rented premises	730	1,133	1,841	2,333

9. INCOME TAX CREDIT (EXPENSES)

Continuing operations:

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current income tax	–	(70)	(181)	(161)
Deferred income tax	–	15,208	138	4,612
	–	15,138	(43)	4,451

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

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 periods since the subsidiary in the PRC did not derive any assessable profits for both periods.

The deferred tax for the six months ended 30 June 2016 represented mainly the temporary differences in relation to the unrealised fair value change on financial assets at FVTPL. The Group did not recognise deferred tax asset in respect of certain tax losses and deductible temporary differences due to the unpredictability of future profit stream for both periods.

10. DISCONTINUED OPERATION

The results of the discontinued operation for the three months and six months ended 30 June 2016 were as follows:

	For the three months ended 30 June 2016 <i>HK\$'000</i> (Unaudited)	For the six months ended 30 June 2016 <i>HK\$'000</i> (Unaudited)
Revenue	68,338	162,371
Other income	225	397
Cost of inventories consumed	(20,027)	(45,154)
Employee benefits expenses	(26,962)	(61,166)
Depreciation	(3,311)	(6,850)
Operating lease rentals and related expenses	(11,755)	(23,711)
Utilities expenses	(5,987)	(12,011)
Impairment losses of property, plant and equipment	–	(2,731)
Loss on disposal of financial assets at fair value through profit or loss	(12)	(12)
Loss on fair value change of financial assets at fair value through profit or loss	(757)	(3,518)
Other operating expenses	(5,818)	(14,447)
Finance costs	(46)	(99)
	<hr/>	<hr/>
Loss before tax	(6,112)	(6,931)
Income tax credit (expenses)	219	(652)
	<hr/>	<hr/>
Loss for the period	(5,893)	(7,583)
	<hr/> <hr/>	<hr/> <hr/>
Loss for the period attributable to:		
Owners of the Company	(5,797)	(7,450)
Non-controlling interests	(96)	(133)
	<hr/>	<hr/>
	(5,893)	(7,583)
	<hr/> <hr/>	<hr/> <hr/>
	(Restated)	(Restated)
Loss per share:		
Basic and diluted <i>(HK cents per share)</i>	(0.84)	(1.09)
	<hr/> <hr/>	<hr/> <hr/>

The net cash outflows incurred by the discontinued operation were as follows:

	For the six months ended 30 June 2016 <i>HK\$'000</i> (Unaudited)
Operating activities	(650)
Investing activities	(4,566)
Financing activities	(48,679)
	<hr/>
Net cash outflow	(53,895)
	<hr/> <hr/>

Loss per share for the above mentioned discontinued operation is stated below:

	For the three months ended 30 June 2016 <i>HK\$'000</i> (Unaudited)	For the six months ended 30 June 2016 <i>HK\$'000</i> (Unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share, being loss for the period attributable to the owners of the Company	(5,797)	(7,450)
	<hr/> <hr/>	<hr/> <hr/>
	(Restated)	(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	685,993,000	685,993,000
	<hr/> <hr/>	<hr/> <hr/>

The diluted loss per share of the discontinued operation for the three months and six months ended 30 June 2016 were the same as basic loss per share as there were no dilutive potential ordinary shares outstanding during both periods.

The weighted average number of ordinary shares for the basic and diluted loss per share for the three months and six months ended 30 June 2016 are adjusted by the bonus element in the rights issue completed on 23 May 2017.

11. LOSS PER SHARE

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

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss for the purpose of basic and diluted loss per share, being loss for the period attributable to the owners of the Company				
– From continuing operations	(45,881)	(96,176)	(73,102)	(59,443)
– From discontinued operation	–	(5,797)	–	(7,450)
	(45,881)	(101,973)	(73,102)	(66,893)
		(Restated)		(Restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,402,655,000	685,993,000	1,201,383,000	685,993,000

Diluted loss per share for the three months and six months ended 30 June 2017 were the same as the basic loss per share. The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share for the three months and six months ended 30 June 2017.

Diluted loss per share for the three months and six months ended 30 June 2016 were the same as the basic loss per share as there was no dilutive potential ordinary shares outstanding.

The weighted average number of ordinary shares for the basic and diluted loss per share for the three months and six months ended 30 June 2017 and 2016 are adjusted by the bonus element in the rights issue completed on 23 May 2017.

12. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 and 2016.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, additions of property, plant and equipment amounted to approximately HK\$1,413,000 (additions for the year ended 31 December 2016: HK\$14,083,000).

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

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Cost of unlisted investment in an associate	92,654	92,654
Share of post-acquisition loss and other comprehensive expenses	(38,632)	(37,198)
Share of other reserve (<i>Note (a)</i>)	(182)	(182)
	53,840	55,274
Current assets		
Loan to an associate (<i>Note (b)</i>)	3,000	3,085
Amount due from an associate (<i>Note (c)</i>)	167	20

Notes:

- (a) Amount represented transactions with non-controlling interests of the subsidiaries of the associate.
- (b) The loan to an associate is unsecured, bearing interest of 1% plus the best lending rate of The Hongkong and Shanghai Banking Corporation Limited ("HSBC") as at the date of drawn down and repayable on 29 April 2018.
- (c) The amount due from an associate is unsecured, interest free and repayable on demand.

15. LOAN AND INTEREST RECEIVABLES

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Fixed-rate loan receivables	203,457	154,315
Interest receivables	1,974	1,560
	205,431	155,875
Loan and interest receivables analysed for reporting purpose as:		
Non-current asset	76,870	73,565
Current asset	128,561	82,310
	205,431	155,875

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 directors of the subsidiary, where appropriate, whilst overdue balances are reviewed regularly by senior management of the Group.

Loan and interest receivables are generally secured by collaterals (e.g. real estates, equity securities). 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 abilities, collaterals as well as the general economic trends.

The loans provided to debtors bore fixed interest rate ranging from 3% to 24% per annum (31 December 2016: 3% to 24% per annum) and will be repayable on maturity with a maturity period ranged from 3 months to 5 years (31 December 2016: 1 month to 5 years).

Included in the balance as at 30 June 2017 was approximately HK\$1,400,000 (31 December 2016: HK\$1,400,000) due from a non-controlling interest. The amount bore a fixed interest rate of 6% per annum (31 December 2016: 6% per annum), secured by a property located in Hong Kong and will be repayable in 2017.

Certain individual loan receivables are significant and the terms and conditions of such loan receivables are disclosed in the Company's announcements dated 16 October 2015, 3 June 2016, 17 June 2016, 5 August 2016, and 16 June 2017.

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

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Within one year	128,561	82,310
After one year but within two years	72,920	56,202
After two years but within five years	3,950	17,363
	205,431	155,875

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:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
0 – 30 days	58,009	25,330
31 – 60 days	7,206	5,054
61 – 90 days	1,020	45
Over 90 days	139,196	125,446
	205,431	155,875

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

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Neither past due nor impaired	188,682	139,549
Past due:		
1 – 90 days	1,402	124
91 – 180 days	34	127
181 – 365 days	–	4,006
Over 1 year	15,313	12,069
	205,431	155,875

Included in the Group's loan and interest receivables are debtors with aggregate amount of approximately HK\$16,749,000 (31 December 2016: HK\$16,326,000) 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 balances as at 30 June 2017 and 31 December 2016.

16. TRADE RECEIVABLES

The ageing analysis of trade receivables, presented based on invoice date which approximates the respective revenue recognition dates, at the end of the reporting periods is:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Within 30 days and neither past due nor impaired	7,789	7,775
31 – 60 days	62	2,063
	7,851	9,838

The Group does not hold any collateral over its trade receivables.

Credit period granted to the customers are generally 30 days.

Included in the Group's trade receivables balance were receivables of approximately HK\$62,000 (31 December 2016: HK\$2,063,000) that were past due as at 30 June 2017 for which the Group has not provided for impairment loss because there is no recent history of default.

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

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
1 – 30 days	62	2,063

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Unlisted funds	–	26,570
Equity securities listed in Hong Kong	17,762	66,322
	17,762	92,892

18. **TRADE PAYABLES, OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED**

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Trade payables	4,516	4,231
Payables for acquisition of property, plant and equipment	–	2,200
Other payables	410	895
Accruals	8,210	9,141
Deposits received	15,030	6,043
	23,650	18,279
	28,166	22,510

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

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Within 30 days	3,366	3,160
31 – 60 days	1,150	1,071
	4,516	4,231

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.

19. BORROWINGS

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Mortgage loan, repayable on demand (<i>Note</i>)	–	–
Instalment loan, repayable on demand	–	166
Bank loans	–	1,512
Bank overdrafts	–	486
Secured bank borrowings	–	2,164
Unsecured other borrowing	1,400	1,400
	1,400	3,564

Note: As at 30 June 2017 and 31 December 2016, the mortgage loan was reclassified to liabilities associated with assets classified as held for sale.

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

	Mortgage loan	Instalment loan
Carrying amount (<i>HK\$'000</i>)		
– 31 December 2016 (<i>Audited</i>)	–	166
Contractual instalments	120	36
Outstanding instalments		
– 31 December 2016	–	2

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

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Within one year	1,400	3,564

The instalment loan carried interest at Prime Rate plus 0.5% per annum.

The bank loans carried interest at standard bill rate plus 0.25% per annum.

The bank overdrafts carried interest at Prime Rate plus a margin of 2% per annum.

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

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

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
Instalment loan	—	5.75%
Bank loans	—	6%
Bank overdrafts	—	7.25%
Unsecured other borrowing	6%	6%

As at 31 December 2016, the Group had aggregate banking facilities of approximately HK\$2,867,000 for loans and other facilities. Unused facilities as at the same date amounted to approximately HK\$703,000. These facilities were secured by:

- (a) The Group's pledged bank deposits amounting to approximately HK\$2,017,000 as at 31 December 2016;
- (b) Limited guarantee from Hong Kong Mortgage Corporation Limited and the government of Hong Kong Special Administrative Region; and
- (c) Unlimited guarantees from a non-controlling shareholder and director of subsidiaries.

20. 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. 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 of the terms of the promissory note, please refer to the circular of the Company dated 27 March 2015. Movement of the promissory note during the period is as follows:

	<i>HK\$'000</i> (Unaudited)
Balance as at 31 December 2016 and 1 January 2017	77,076
Interest charge (<i>Note 7</i>)	1,418
Settlement during the period	(78,494)
	<hr/>
Balance as at 30 June 2017	—
	<hr/> <hr/>

21. SHARE CAPITAL

	Nominal value	Number of shares	Share capital HK\$'000
Authorised			
Ordinary shares			
1 January 2016	0.001	100,000,000,000	100,000
Share consolidation (<i>Note (i)</i>)		(90,000,000,000)	–
		<hr/>	
At 31 December 2016 and 30 June 2017	0.01	10,000,000,000	100,000
		<hr/> <hr/>	
Issued and fully paid			
Ordinary shares			
At 1 January 2016	0.001	6,528,000,000	6,528
Share consolidation (<i>Note (i)</i>)		(5,875,200,000)	–
		<hr/>	
Placing of new shares (<i>Note (iii)</i>)	0.01	652,800,000	6,528
Issue of shares upon exercise of share options (<i>Note (iii)</i>)	0.01	130,560,000	1,306
		<hr/>	
	0.01	15,360,000	154
		<hr/>	
At 31 December 2016 and 1 January 2017	0.01	798,720,000	7,988
Placing of new shares (<i>Note (iv)</i>)	0.01	159,744,000	1,597
Issue of shares under rights issue (<i>Note (v)</i>)	0.01	958,464,000	9,584
Issue of shares upon exercise of share options (<i>Note (vi)</i>)	0.01	17,485,312	175
		<hr/>	
At 30 June 2017		1,934,413,312	19,344
		<hr/> <hr/>	

Notes:

- (i) 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.

- (ii) 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.
- (iii) 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.
- (iv) On 20 December 2016, the Company entered into a private placing agreement with the placing agent for the placing of an aggregate 159,744,000 new ordinary shares of the Company to not less than six independent third parties at a placing price of HK\$0.144 per share. The gross proceeds raised amounted to approximately HK\$23,003,000 (before transaction costs of approximately HK\$77,000) and resulted in the net increase in share capital and share premium of approximately HK\$1,597,000 and HK\$21,329,000 respectively. The placing was completed on 6 January 2017. Details of the placing are set out in the Company's announcements dated 20 December 2016 and 6 January 2017 respectively.
- (v) On 23 May 2017, 958,464,000 ordinary shares were issued and allotted to the shareholders of the Company on the basis of one rights share for every one ordinary share for consideration of HK\$0.14 per share (the "Rights Issue"). The gross proceeds raised amounted to approximately HK\$134,185,000 (before transaction costs of approximately HK\$1,805,000) and resulted in the net increase in share capital and share premium of approximately HK\$9,584,000 and HK\$122,796,000 respectively. The Rights Issue was completed on 23 May 2017. Details of the Rights Issue are set out in the Company's announcements dated 28 February 2017, 23 March 2017, 13 April 2017 and 22 May 2017, the circular of the Company dated 25 March 2017 and prospectus of the Company dated 27 April 2017.
- (vi) During the six months ended 30 June 2017, 17,485,312 (after the Rights Issue adjustment) share options had been exercised by holders at an exercise price of HK\$0.2284 (after the Rights Issue adjustment) per option to subscribe for 17,485,312 ordinary shares of the Company at a total consideration of approximately HK\$3,994,000 in which the consideration was credited to share capital of approximately HK\$175,000 and share premium of approximately HK\$5,317,000. The share options reserve has been decreased by approximately HK\$1,498,000 and was transferred to share premium account. Details of the share options are set out in Note 22.

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

22. 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.

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 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. Pursuant to an ordinary resolution passed by the Company's shareholders at an extraordinary general meeting of the Company held on 8 June 2017, the 10% limit under the Share Option Scheme was refreshed (i.e. 193,441,331 ordinary shares).

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 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.

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 30 June 2017, there were no outstanding share options under the Share Option Scheme.

Details of the share options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Adjusted exercise price (Note)	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\$0.2284	HK\$0.174

Note:

As a result of the Rights Issue completed on 23 May 2017, the number of the outstanding share options and their respective exercise price had been adjusted. Details of the adjustments are set out in the Company's announcement dated 22 May 2017.

The following table discloses movements of the Company's share options held by the Directors, employees and other individuals during the six months ended 30 June 2017:

	Date of grant	Adjusted exercise price per option HK\$	Exercise period	Number of share options					
				Balance as at 1 January 2017	Adjustment due to the Rights Issue	Granted during the period	Exercised during the period	Expired/lapsed/cancelled during the period	Balance as at 30 June 2017
Directors and chief executive									
Mr. Yu Ka Ho	1 September 2016	0.2284	1 year from the date of grant	320,000	16,256	-	(336,256)	-	-
Employees									
	1 September 2016	0.2284	1 year from the date of grant	320,000	16,256	-	(336,256)	-	-
Individuals in aggregate									
	1 September 2016	0.2284	1 year from the date of grant	16,000,000	812,800	-	(16,812,800)	-	-
				16,640,000	845,312	-	(17,485,312)	-	-
Exercisable at the end of the period									-
				HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Weighted average exercise price				0.24	-	-	0.2284	-	-

In respect of the share options exercised during the period, the weighted average share price at the dates of exercise is HK\$0.229 and the weighted average share price at the dates immediately before the exercise is HK\$0.19.

23. **COMMITMENTS**

(a) **Capital commitments**

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	22,500,000	–

(b) **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 approximately three years. Rental were fixed at the inception of the leases.

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

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Within one year	1,667	4,283
In the second to fifth years inclusive	593	1,200
	2,260	5,483

24. CONNECTED AND RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statements, the Group had the following transactions with connected and related parties:

(a) Transactions with related parties

The Group had the following significant transactions with the substantial shareholders, companies controlled and beneficially owned by the former Directors and their close family members during the periods:

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Rental expenses paid to related companies*	<i>i</i>	–	2,793	–	5,583
Rental expense to related party	<i>i</i>	210	600	840	1,200
Purchase of goods from related companies*	<i>ii</i>	–	1,165	–	2,862
Interest income receivable from the loan to an associate	<i>iii</i>	45	45	89	90
Interest on promissory note payable to a related party	<i>iv</i>	397	1,440	1,418	1,440

* 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.

(b) **Other transactions with connected and related parties**

(i) *Compensation of key management personnel*

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Short-term benefits	2,563	603	4,726	1,392
Post-employment benefits	18	9	33	18
	2,581	612	4,759	1,410

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

- (ii) On 10 March 2016, the Company entered into a sale and purchase agreement to dispose of the Chinese restaurant operation through the disposal of the entire issued share capital of GR Holdings Limited ("GR Holdings"), a direct wholly owned subsidiary of the Company, and all the liabilities, obligations and indebtedness due by GR Holdings to the Group to Mr. Wong Kwan Mo and Ms. Lau Lan Ying, the former Directors (the "Disposal") which constituted as a very substantial transaction of the Company.

The Disposal was completed on 1 August 2016 and the total consideration of the Disposal was approximately HK\$63.18 million.

Details of the Disposal and the financial effect are set out in the Company's announcements dated 10 March 2016, 22 April 2016, 6 May 2016, 27 June 2016, 3 August 2016, 12 July 2017 and the circular of the Company date 20 May 2016.

25. EVENTS AFTER THE REPORTING PERIOD

On 4 July 2017, 172,700,000 share options were granted to ten eligible participants under the Share Option Scheme with an exercise price of HK\$0.2004 per option and the validity period of one year from the date of grant. The share options were fully exercised in July 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's interim results for the six months ended 30 June 2017 (the "2017 Interim").

Business Review

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

Food products operation

For the 2017 Interim, the food products operation recorded revenue of approximately HK\$45.95 million (2016: HK\$45.03 million) with a segment loss of approximately HK\$0.02 million (2016: segment profit of approximately HK\$1.37 million).

During the 2017 Interim, more points of sales were established, whereas the results from food products operation deteriorated. The decrease in segment profit of approximately HK\$1.39 million is mainly attributable to (i) the decline in turnover per point of sale resulted from the weak consumption sentiment in Hong Kong; (ii) the increase in staff costs and (iii) the increase in commission for the Group's concessionaire stores, payable to the supermarket chains.

During the 2017 Interim, Hong Kong issued import ban on meat and poultry from Brazil after the announcements by the Brazilian authorities, in which there were evidence that some of the nation's largest meat producers had bribed government officials to approve the sale and export of contaminated meat (the "Brazil Meat Scandal"). Nonetheless, food safety is one of the Group's top priority. The Group continues to choose reliable suppliers and source the raw materials for food production carefully. The Group has also dedicated much effort to control the food costs, especially after the Brazil Meat Scandal, such that the cost of inventories consumed remained steady even though the meat and poultry prices increased due to the restricted supply during the 2017 Interim.

Securities Investment Business

As at 30 June 2017, the Group had a portfolio of securities investment of approximately HK\$17.76 million (31 December 2016: HK\$92.89 million) and all (31 December 2016: HK\$66.32 million) of which were equity securities listed in Hong Kong. For the 2017 Interim, the Group recorded a net unrealised loss of approximately HK\$17.33 million from continuing operations (2016: HK\$45.02 million from continuing operations and HK\$3.52 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	At 30 June 2017				At 30 June 2016			
	% of shareholding of the respective share	Change on fair value for 6 months HK\$'000 (Unaudited)	Fair value as at 30 June 2017 HK\$'000 (Unaudited)	% to the total assets of the Group	% of shareholding of the respective share	Change on fair value for 6 months HK\$'000 (Unaudited)	Fair value as at 30 June 2016 HK\$'000 (Unaudited)	% to the total assets of the Group
From continuing operations								
L & A International Holdings Limited (8195)	3.71%	(949)	9,491	2.19%	2.48%	(29,914)	244,032	29.76%
Season Pacific Holdings Limited (8127)	0.89%	(13,435)	5,007	1.16%	-	-	-	-
China Environmental Energy Investment Limited (906)	1.82%	(1,292)	2,006	0.46%	1.82%	(1,904)	7,276	0.89%
Time2U International Holding Limited (1327)	0.71%	(1,069)	1,049	0.24%	-	-	-	-
China 33 Media Group Limited (8087)	0.12%	(588)	203	0.05%	0.83%	1,344	6,336	0.77%
Huatai Securities Co., Ltd. (6886)	0.00%	-	6	0.00%	0.00%	(1)	7	0.00%
Major Holdings Limited (1389)	-	-	-	-	0.39%	3,238	17,483	2.13%
GreaterChina Professional Services Limited (8193)	-	-	-	-	0.68%	(9,240)	15,840	1.93%
China Construction Bank Corporation (939)	-	-	-	-	0.00%	66	15,468	1.89%
China Properties Investment Holdings Limited (736)	-	-	-	-	2.10%	(7,772)	3,346	0.41%
China Jicheng Holdings Limited (1027)	-	-	-	-	0.01%	(690)	2,050	0.25%
Luen Wong Group Holdings Limited (8217)	-	-	-	-	0.00%	(73)	359	0.04%
Total		(17,333)	17,762			(44,946)	312,197	

The loss on fair value change of financial assets at FVTPL for the 2017 Interim, amounting to approximately HK\$17.33 million was mainly due to the drop in share price of Season Pacific Holdings Limited.

For the 2017 Interim, the Group recorded a net realised loss of approximately HK\$33.61 million (2016: Nil) from continuing operations. Included in the loss on disposal of financial assets at FVTPL, the loss on disposal of equity securities listed in Hong Kong are as follows:

	For the 2017 Interim	
	Loss on disposal HK\$'000 (Unaudited)	% to the loss before tax of the Group
GreaterChina Professional Services Limited (8193)	22,796	31.03%
Major Holdings Limited (1389)	3,816	5.19%
Unity Investments Holdings Limited (913)	3,488	4.75%
China 33 Media Group Limited (8087)	2,993	4.07%
Bar Pacific Group Holdings Limited (8432)	799	1.09%
	33,892	46.13%

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

The Group's money lending business maintained a steady performance. During the 2017 Interim, it generated interest income of approximately HK\$4.67 million (2016: HK\$4.41 million) and recorded a segment profit of approximately HK\$4.50 million (2016: HK\$3.63 million).

As at 30 June 2017, an aggregate loan of approximately HK\$417.36 million (31 December 2016: HK\$342.37 million) with effective interest rate ranging from 3% to 24% per annum (31 December 2016: 3% to 24% per annum) had been built up by the Group. As at 30 June 2017, the outstanding loan receivables of the Group amounted to approximately HK\$203.46 million (31 December 2016: HK\$154.32 million). Loans are generally secured by collaterals (e.g. real estates, equity securities).

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.

As at 30 June 2017, 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 發記甜品” possesses the distinctive attributes to be a competitive brand in China’s causal catering industry.

Financial Review

During the 2017 Interim, the Group’s revenue from continuing operations amounted to approximately HK\$50.81 million which was approximately 1% higher than that of the last corresponding period. The slight increment was mainly due to the rise in (i) revenue from food products operation; and (ii) interest income (net of inter segment elimination) generated from the money lending business to approximately HK\$45.95 million and HK\$4.67 million respectively for 2017 Interim (2016: HK\$45.03 million and HK\$4.41 million respectively).



Loss attributable to the owners of the Company from continuing operations was approximately HK\$73.10 million for the 2017 Interim, an increase of approximately 23% as compared to the last corresponding period. The increase was mainly attributable to (i) the net realised loss from financial assets at FVTPL amounting to approximately HK\$33.61 million; and (ii) the increase in employee benefits expenses and other operating expenses, after offsetting by the financial effect of the decrease in net unrealised loss from financial assets at FVTPL from approximately HK\$45.02 million for the six months ended 30 June 2016 to approximately HK\$17.33 million for the 2017 Interim.

The cost of inventories consumed from continuing operations for the 2017 Interim amounted to approximately HK\$19.22 million (2016: HK\$18.96 million). The cost of inventories consumed was approximately 42% (2016: 42%) of the Group's revenue on food products operation business during the 2017 Interim. 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 2017 Interim amounted to approximately HK\$19.99 million (2016: HK\$15.95 million). The increase was mainly due to the development of the Group's business and the wage adjustments to retain experienced staff under the inflationary environment during the 2017 Interim. 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 2017 Interim amounted to approximately HK\$2.00 million (2016: HK\$2.46 million).

Outlook and Prospects

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

Although the operating conditions for the food products business will continue to be challenging under the weak market sentiments, the Group is still optimistic about the future prospect of the business and confident that its long term growth can be achieved.



The Group is proactively monitoring the rising food costs, labour costs, commission to supermarket chains 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. For the 2017 Interim, new loans of approximately HK\$74.99 million had been built up by the Group.

The Group has been investing in different investment products, including 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 發記甜品” 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

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 period.

The capital structure of the Group consists of 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.

Cash position

As at 30 June 2017, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$95.85 million (31 December 2016: approximately HK\$14.27 million).

As at 31 December 2016, cash of approximately HK\$2.02 million was pledged to bank 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 30 June 2017:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds up to 30 June 2017
28 February 2017	Rights issue of 958,464,000 shares at HK\$0.14 per rights share	HK\$134.19 million	<p>Approximately HK\$35 million for funding the acquisition of a commercial property as the office of the Company;</p> <p>Approximately HK\$60 million for development of the Group's money lending business;</p> <p>Approximately HK\$20 million for the development of the Group's investment business; and</p> <p>The balance of approximately HK\$19.19 million will be used for general working capital of the Group.</p>	<p>Approximately HK\$4.63 million was used to pay for the acquisition of the commercial property;</p> <p>Provision of loans to less than 5 individuals which, in aggregate, amounts to approximately HK\$44.99 million under various terms of not more than 1 year with interest rate from 5% to 12% per annum;</p> <p>HK\$1 million was used for investing in unlisted investment;</p> <p>For the remaining balance of approximately HK\$83.57 million:</p> <p>Approximately HK\$30.37 million will be utilised for settling the remaining consideration and relevant expenditure for the acquisition of the commercial property;</p> <p>Approximately HK\$15.01 million will be utilised for the Group's money lending business;</p> <p>Approximately HK\$19 million will be used for the development of the Group's investment business; and</p> <p>Approximately HK\$19.19 million will be utilised for general working capital of the Group.</p>
20 December 2016	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
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

Details of borrowings as at 30 June 2017 are set out in Note 19 to the Interim Financial Statements.

Gearing ratio

Gearing ratio is calculated as net debt (borrowings and promissory note less bank balance 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 30 June 2017 as the Group's bank balances and cash were more than its borrowings. As at 31 December 2016, the gearing ratio was 17%.

Capital Expenditure and Commitments

Details of the capital expenditure and capital commitments are set out in the Notes 13 and 23 to the Interim Financial Statements respectively.

Charges on Assets

Details of the charges on the Group's assets were set out in Note 19 to the Interim Financial Statements.

Contingent Liabilities

Save as disclosed elsewhere in the Interim Financial Statements, there were no other significant contingent liabilities of the Group as at 30 June 2017.

Dividend

Details of the dividend are set out in the Note 12 to the Interim Financial Statements.

Employees Numbers and Remuneration Policy

As at 30 June 2017, the Group had around 170 employees from the continuing operations. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

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

Saved as the disclosed in the Company's announcement dated 28 February 2017, the circular dated 25 March 2017 and the prospects dated 27 April 2017 regarding the Rights Issue and 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 2017 Interim.

Saved as disclosed in the Company's announcement dated 28 February 2017, the circular dated 25 March 2017 and the prospects dated 27 April 2017 regarding the Rights Issue and elsewhere in this report, there was no plan for material investments or capital assets as at 30 June 2017.

SHARE OPTION SCHEME

Details of the share option scheme are set out in the Note 22 to the Interim Financial Statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which were required (a) 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) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 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 shares and underlying shares of the Company

Name of Director	Capacity/nature of interest	Total number of ordinary shares	Approximate percentage of interest
Mr. Yu Ka Ho	Beneficial owner	336,256	0.02%

Saved as disclosed above, as at 30 June 2017, none of the Directors and the chief executive of the Company had or was 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 were required (a) 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) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) 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.

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 30 June 2017, other than the Directors and chief executive of the Company whose interests and short positions are disclosed under the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, the following 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 was 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 Ryan Tai Cheong ("Mr. Wong TC") (Note 1)	Beneficial owner	11,316,000	0.58%
	Interest of spouse	62,952,000	3.25%
	Interest in controlled corporation	254,863,200	13.18%
Ms. Fung Pui Wah ("Ms. Fung") (Note 2)	Beneficial owner	62,952,000	3.25%
	Interest of spouse	266,179,200	13.76%
KMW Investments Limited ("KMW") (Note 1)	Beneficial owner	254,863,200	13.18%

Name	Capacity/nature of interest	Total number of ordinary shares	Approximate percentage of interest
Strong Light Investments Limited (“Strong Light”) (Note 3)	Beneficial owner	102,216,000	5.28%
Mr. Wong Kwan Mo (Note 3)	Interest in controlled corporation	102,216,000	5.28%
Ms. Lau Lan Ying (Note 3)	Interest in controlled corporation	102,216,000	5.28%

Notes

1. KMW is a company incorporated in the British Virgin Islands and the entire issued share capital of KMW is owned by Mr. Wong TC. Mr. Wong TC is the spouse of Ms. Fung. By virtue of SFO, Mr. Wong TC is deemed to be interested in all the shares owned by KMW and Ms. Fung.
2. Ms. Fung is the spouse of Mr. Wong TC. By virtue of SFO, Ms. Fung is interested in all the shares owned by Mr. Wong TC.
3. Strong Light is a company incorporated in Hong Kong and the entire issued share capital of Strong Light is beneficially owned as to 50% by Mr. Wong Kwan Mo and 50% by Ms. Lau Lan Ying. Mr. Wong Kwan Mo is the spouse of Ms. Lau Lan Ying and both of them were the former Directors of the Company. By virtue of SFO, both Mr. Wong Kwan Mo and Ms. Lau Lan Ying are interested in all the shares owned by Strong Light.

Saved as disclosed above, as at 30 June 2017, the Directors were not aware of any other person (other than the Directors or chief executive as disclosed in the paragraph headed “Directors’ and chief executive’s interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations” above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who was 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, at no time during the 2017 Interim 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.

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 2017 Interim.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates had an interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group or had any other conflicts with the Group during the 2017 Interim.

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 period under review. The Company was not aware of any non-compliance during the 2017 Interim.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has complied with the code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 of the GEM Listing Rules during the 2017 Interim.

AUDIT COMMITTEE

The Company established an audit committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of the audit committee was adopted in compliance with paragraph C3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 30 December 2015, the Board adopted a set of 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 30 June 2017, the audit committee of the Company 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.

The audit committee had reviewed the Interim Financial Statements for the 2017 Interim and is of the opinion that the preparation of such statements comply with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 11 August 2017

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