

新煮意控股有限公司
FOOD IDEA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8179)

**ANNOUNCEMENT OF THE FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

The board (the “Board”) of Directors of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2017 (the “Year”), together with the comparative figures in the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	<i>NOTES</i>	2017 <i>HK\$’000</i>	2016 <i>HK\$’000</i>
Continuing operations			
Revenue	3	111,148	100,781
Other income		1,034	572
Cost of inventories consumed		(41,364)	(37,749)
Employee benefits expenses		(35,801)	(32,271)
Depreciation		(5,306)	(3,473)
Amortisation		(192)	(180)
Operating lease rentals and related expenses		(3,273)	(4,891)
Utilities expenses		(787)	(996)
Other losses, net	4	(5,500)	–
Loss on disposal of financial assets at fair value through profit or loss, net		(41,844)	(255,583)
Gain (loss) on fair value of financial assets at fair value through profit or loss, net		14,261	(32,616)
Loss on fair value of contingent consideration payable		–	(1,220)
Share option expenses		(10,362)	(2,880)
Other operating expenses		(51,948)	(47,309)
Share of loss of associates		(9,572)	(38,154)
Share of profit of joint ventures		1,798	–
Finance costs		(1,762)	(4,729)
Loss before tax		(79,470)	(360,698)
Income tax (expenses) credit	5	(131)	39,884
Loss for the year from continuing operations		(79,601)	(320,814)
Discontinued operation			
Loss for the year from discontinued operation		–	(11,616)
Loss for the year		(79,601)	(332,430)

	<i>NOTE</i>	2017 HK\$'000	2016 HK\$'000
Other comprehensive income (expenses) for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		12	(31)
Share of foreign currency translation reserve of an associate		<u>3,759</u>	<u>(4,399)</u>
		<u>3,771</u>	<u>(4,430)</u>
Total comprehensive expenses for the year		<u>(75,830)</u>	<u>(336,860)</u>
Loss for the year attributable to owners of the Company			
– from continuing operations		(79,417)	(320,921)
– from discontinued operation		<u>–</u>	<u>(11,344)</u>
		<u>(79,417)</u>	<u>(332,265)</u>
Loss for the year attributable to non-controlling interests			
– from continuing operations		(184)	107
– from discontinued operation		<u>–</u>	<u>(272)</u>
		<u>(184)</u>	<u>(165)</u>
		<u>(79,601)</u>	<u>(332,430)</u>
Total comprehensive expenses for the year attributable to owners of the Company			
– from continuing operations		(75,646)	(325,351)
– from discontinued operation		<u>–</u>	<u>(11,344)</u>
		<u>(75,646)</u>	<u>(336,695)</u>
Total comprehensive (expenses) income for the year attributable to non-controlling interests			
– from continuing operations		(184)	107
– from discontinued operation		<u>–</u>	<u>(272)</u>
		<u>(184)</u>	<u>(165)</u>
		<u>(75,830)</u>	<u>(336,860)</u>
		2017	2016 (Restated)
Loss per share			
From continuing and discontinued operations			
Basic and diluted (<i>HK cents</i>)	7	<u>(4.80)</u>	<u>(44.66)</u>
From continuing operations			
Basic and diluted (<i>HK cents</i>)	7	<u>(4.80)</u>	<u>(43.14)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	NOTES	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Property, plant and equipment		14,170	18,771
Investment properties		26,846	–
Goodwill		1,310	6,186
Intangible asset		4,264	4,456
Interests in associates		49,461	55,274
Interests in joint ventures		24,842	–
Amount due from an associate		7,266	–
Available-for-sale investments		1,000	1,000
Rental deposits		223	240
Deposits paid for acquisition of property, plant and equipment		1,960	10
Deferred tax assets		29	29
Loan receivables	8	31,146	73,565
		<u>162,517</u>	<u>159,531</u>
Current assets			
Inventories		234	367
Loan and interest receivables	8	155,033	82,310
Trade receivables	9	12,642	9,838
Loan to an associate		3,000	3,085
Amounts due from associates		1,302	20
Amounts due from joint ventures		9,704	–
Prepayments, deposits and other receivables		12,767	49,912
Income tax recoverable		110	232
Financial assets at fair value through profit or loss		80,299	92,892
Pledged bank deposits		–	2,017
Bank balances and cash		37,127	14,269
		<u>312,218</u>	<u>254,942</u>
Assets classified as held for sale		<u>–</u>	<u>5,469</u>
		<u>312,218</u>	<u>260,411</u>

	<i>NOTE</i>	2017 HK\$'000	2016 HK\$'000
Current liabilities			
Trade payables	<i>10</i>	5,412	4,231
Other payables, accruals and deposits received		10,112	18,279
Income tax payable		25	–
Borrowings		15,660	3,564
		31,209	26,074
Liabilities associated with assets classified as held for sale		–	1,574
		31,209	27,648
Net current assets		281,009	232,763
Total assets less current liabilities		443,526	392,294
Non-current liabilities			
Promissory note		–	77,076
Deferred tax liabilities		–	138
		–	77,214
		443,526	315,080
Capital and reserves			
Share capital		21,071	7,988
Reserves		421,014	305,472
Equity attributable to owners of the Company		442,085	313,460
Non-controlling interests		1,441	1,620
		443,526	315,080

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 GEM of the Stock Exchange since 8 July 2011. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is Room A, 6/F., CNT Tower, 338 Hennessy Road, Wan Chai, Hong Kong.

The Company's principal activity during the year was investment holding. The principal activities of its principal subsidiaries are set out in Note 41 to the Company's annual report for the year ended 31 December 2017 ("2017 Annual Report").

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

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

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

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

2. APPLICATION OF NEW AND REVISED HKFRSs

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

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

Except as described below, the application of other 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.

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.

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in Note 39 to 2017 Annual Report. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in Note 39 to 2017 Annual Report, the Directors considered that these amendments have had no impact on the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensations ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 40	Transfers of Investment Property ¹
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²

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

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective date not yet been determined.

The Directors anticipate that, except as described in Note 2 to 2017 Annual Report, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

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

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

- (i) Catering services – The operation of a chain of catering restaurants.
- (ii) Food products operation – The production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei.
- (iii) Investments – Investment 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 reported in this note did not include any amounts for this discontinued operation.

Segment turnover, revenue and results

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

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

Continuing operations

For the year ended 31 December

	Catering services		Food products operation		Investments		Money lending		Unallocated		Elimination		Consolidated	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
SEGMENT TURNOVER	-	-	98,738	89,735	66,949	93,910	12,018	8,491	-	-	(110)	(156)	177,595	191,980
REVENUE														
External sales	-	-	98,738	89,735	502	2,711	11,908	8,335	-	-	-	-	111,148	100,781
Inter-segment sales	-	-	-	-	-	-	110	156	-	-	(110)	(156)	-	-
Segment revenue	-	-	98,738	89,735	502	2,711	12,018	8,491	-	-	(110)	(156)	111,148	100,781
Segment result	(438)	(235)	800	1,665	(30,088)	(285,488)	6,373	6,852	-	-	-	-	(23,353)	(277,206)
Unallocated income	-	-	-	-	-	-	-	-	7,589	305	-	-	7,589	305
Unallocated corporate expenses	-	-	-	-	-	-	-	-	(38,932)	(36,814)	-	-	(38,932)	(36,814)
Loss on fair value of contingent consideration payable	-	(1,220)	-	-	-	-	-	-	-	-	-	-	-	(1,220)
Share option expenses	-	-	-	-	-	-	-	-	(10,362)	(2,880)	-	-	(10,362)	(2,880)
Share of loss of associates	(9,572)	(38,154)	-	-	-	-	-	-	-	-	-	-	(9,572)	(38,154)
Share of (loss) profit of joint ventures	-	-	(5)	-	-	-	-	-	1,803	-	-	-	1,798	-
Impairment loss on goodwill	-	-	(4,876)	-	-	-	-	-	-	-	-	-	(4,876)	-
Finance costs	-	-	-	-	-	-	-	-	(1,762)	(4,729)	-	-	(1,762)	(4,729)
Loss before tax													(79,470)	(360,698)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the (loss) from / profit earned by each segment without allocation of certain other income, other gains, central administrative costs, loss on fair value of contingent consideration payable, share option expenses, share of (loss) profit of associates / joint ventures, impairment loss on goodwill and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessments.

Segment assets and liabilities

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

As at 31 December

	Catering services		Food products operation		Investments		Money lending		Unallocated		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS												
Segment assets	4,264	4,456	18,397	21,123	81,299	93,947	186,179	155,875	-	-	290,139	275,401
Interests in associates	49,461	55,274	-	-	-	-	-	-	-	-	49,461	55,274
Loan to an associate	3,000	3,085	-	-	-	-	-	-	-	-	3,000	3,085
Amounts due from associates	1,302	20	-	-	-	-	-	-	7,266	-	8,568	20
Amounts due from joint ventures	-	-	169	-	-	-	-	-	9,535	-	9,704	-
Unallocated corporate assets	-	-	-	-	-	-	-	-	113,863	86,162	113,863	86,162
Consolidated total assets											<u>474,735</u>	<u>419,942</u>
LIABILITIES												
Segment liabilities	61	-	19,168	14,853	300	-	12	-	-	-	19,541	14,853
Promissory note	-	77,076	-	-	-	-	-	-	-	-	-	77,076
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	11,668	12,933	11,668	12,933
Consolidated total liabilities											<u>31,209</u>	<u>104,862</u>

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

- all assets are allocated to operating segments other than certain property, plant and equipment, investment properties, certain interests in joint ventures, deposits paid for acquisition of property, plant and equipment, deferred tax assets, certain amounts due from associates / joint ventures, 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), People's Republic of China ("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		Non-current assets (<i>Note</i>)	
	For the year ended 31 December		As at 31 December	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong (country of domicile)	111,148	100,781	69,128	24,967
Singapore	-	-	4,264	4,456
PRC	-	-	49,461	55,274
	<u>111,148</u>	<u>100,781</u>	<u>122,853</u>	<u>84,697</u>

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 during the years ended 31 December 2017 and 2016.

Other segment information

For the year ended 31 December 2017

Continuing operations

	Catering services <i>HK\$'000</i>	Food products operation <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amount included in the measure of segment result or segment assets:						
Additions to non-current assets (Note)	-	385	-	-	54,011	54,396
Depreciation	-	759	-	-	4,547	5,306
Amortisation	192	-	-	-	-	192
Provision for impairment on loan and interest receivables	-	-	-	4,172	-	4,172
Impairment loss on available-for- sale investments	-	-	3,007	-	-	3,007
Gain on fair value of financial assets at FVTPL, net	-	-	(14,261)	-	-	(14,261)
Loss on disposal of financial assets at FVTPL, net	-	-	41,844	-	-	41,844
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interest income	(180)	(2)	-	-	(6)	(188)
Finance costs	-	135	-	16	1,611	1,762
Income tax expenses	-	88	-	-	43	131

For the year ended 31 December 2016

Continuing operations

	Catering services <i>HK\$'000</i>	Food products operation <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amount included in the measure of segment result or segment assets:						
Additions to non-current assets <i>(Note)</i>	–	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)

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

4. OTHER LOSSES, NET

Continuing operations

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Gain on disposal of a subsidiary	(6,437)	–
Gain on disposal of property, plant and equipment	(118)	–
Provision for impairment on loan and interest receivables	4,172	–
Impairment loss on available-for-sale investments	3,007	–
Impairment loss on goodwill	4,876	–
	<u>5,500</u>	<u>–</u>

5. INCOME TAX EXPENSES (CREDIT)

Continuing operations

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current income tax – Hong Kong:		
Current year provision	46	153
Under (over) provision in prior years	223	(194)
	<u>269</u>	<u>(41)</u>
Deferred income tax	(138)	(39,843)
	<u>131</u>	<u>(39,884)</u>

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

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

6. DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 December 2017 nor has any dividend been proposed since the end of the reporting period (2016: Nil).

7. LOSS PER SHARE

From continuing and discontinued operations

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share, being loss for the year attributable to the owners of the Company	<u>(79,417)</u>	<u>(332,265)</u>
	2017	2016 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,652,937,686</u>	<u>743,918,229</u>

The weighted average number of ordinary shares for the purpose of basic loss per share for both years has been adjusted for the rights issue on 23 May 2017.

Diluted loss per share for the years ended 31 December 2017 and 2016 was the same as the basic loss per share.

The computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share from continuing operations for the years ended 31 December 2017 and 2016.

From continuing operations

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss		
Loss for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share	(79,417)	(332,265)
<i>Add:</i> loss for the year from discontinued operation	<u>–</u>	<u>11,344</u>
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company from continuing operations	<u><u>(79,417)</u></u>	<u><u>(320,921)</u></u>

From discontinued operation

For the year ended 31 December 2016, basic and diluted loss per share for the discontinued operation is HK1.52 cents (restated) per share, based on the loss for the year from discontinued operation attributable to the owners of the Company of approximately HK\$11,344,000 and the denominators detailed above for both basic and diluted loss per share.

8. LOAN AND INTEREST RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Fixed-rate loan receivables	188,886	154,315
Interest receivables	<u>1,465</u>	<u>1,560</u>
	190,351	155,875
<i>Less:</i> provision for impairment on loan and interest receivables	<u>(4,172)</u>	<u>–</u>
	<u><u>186,179</u></u>	<u><u>155,875</u></u>
Loan receivables analysed for reporting purpose as:		
Non-current asset	31,146	73,565
Current asset	<u>155,033</u>	<u>82,310</u>
	<u><u>186,179</u></u>	<u><u>155,875</u></u>

The loan and interest receivables are due from a few independent individuals and over 97% (2016: 99%) of the balances are secured by the collaterals as at 31 December 2017.

The loans provided to debtors bore fixed interest rate ranging from 3% to 36% (2016: 3% to 24%) per annum and will be repayable on maturity with a maturity period ranged from 1 month to 5 years (2016: 1 month to 5 years).

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

	2017	2016
	HK\$'000	HK\$'000
Within one year	155,033	82,310
After one year but within two years	27,412	56,202
After two years but within five years	3,734	17,363
	<u>186,179</u>	<u>155,875</u>

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

	2017	2016
	HK\$'000	HK\$'000
0 – 30 days	38,532	25,330
31 – 60 days	5,460	5,054
61 – 90 days	5,947	45
Over 90 days	136,240	125,446
	<u>186,179</u>	<u>155,875</u>

The movement in the provision for impairment is set out below:

	2017
	HK\$'000
At 1 January 2017	–
Provided for the year	<u>4,172</u>
At 31 December 2017	<u>4,172</u>

Included in the provision for impairment on loan and interest receivables are individually impaired loan and interest receivables with an aggregate balance of approximately HK\$4,172,000 (2016: Nil) related to a customer that is in severe financial difficulties.

9. TRADE RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	<u>12,642</u>	<u>9,838</u>

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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 30 days and neither past due nor impaired	9,997	7,775
31 – 60 days	<u>2,645</u>	<u>2,063</u>
	<u>12,642</u>	<u>9,838</u>

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

The Group allows an average credit period of 30 days to its customers.

10. TRADE PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	<u>5,412</u>	<u>4,231</u>

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

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 30 days	4,151	3,160
31 – 60 days	<u>1,261</u>	<u>1,071</u>
	<u>5,412</u>	<u>4,231</u>

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) investment in securities; and (iv) money lending business.

Food products operation

The revenue of food products operation had a steady growth from approximately HK\$89.74 million to approximately HK\$98.74 million for the Year, as more new outlets were established during the Year.

Although the revenue of the food products operation recorded an increment, its segment operating profit decreased from approximately HK\$1.67 million for the year ended 31 December 2016 (the "Last Year") to approximately HK\$0.80 million for the Year. This was mainly due to the continuous rising in labour costs and the commission expenses paid to supermarket chains. An impairment of goodwill of approximately HK\$4.88 million was also recognised for the Year to reflect the severe operating environment in food products operation.

Securities Investment Business

As at 31 December 2017, the Group had a portfolio of securities investment of approximately HK\$80.30 million (2016: HK\$92.89 million) and approximately HK\$77.94 million (2016: HK\$66.32 million), which were equity securities listed in Hong Kong. During the Year, the Group recorded a net unrealised gain of approximately HK\$14.26 million (2016: net unrealised loss of approximately HK\$32.62 million) and a realised loss of approximately HK\$41.84 million (2016: HK\$255.58 million) from its entire securities investment.

Details of the investments in equity securities listed in Hong Kong and their performance are as follows:

Name of the investments	Notes	% to the total assets of the Group	% to the interest in the respective investments as at 31 December 2016	Fair value as at 31 December 2016 HK\$'000	Movement for the year ended 31 December 2017		Fair value as at 31 December 2017 HK\$'000	% to the total assets of the Group	% to the interest in the respective investments as at 31 December 2017	Gain / (loss) on disposal / redemption HK\$'000
					Addition / (disposal / redemption), net HK\$'000	Change on fair value, net HK\$'000				
Equity securities listed in Hong Kong										
In Technical Productions Holdings Limited										
(8446) ("ITP")	(a)	N/A	N/A	–	23,370	31,591	54,961	11.58%	1.13%	–
My Heart Bodibra Group Limited (8297) ("Bodibra")	(b)	N/A	N/A	–	7,132	(1,013)	6,119	1.29%	5.00%	–
L & A International Holdings Limited										
(8195) ("L&A")	(c)	2.49%	3.71%	10,440	780	(8,347)	2,873	0.61%	4.88%	–
China Life Insurance Company Limited										
– H Shares (2628)		N/A	N/A	–	2,405	50	2,455	0.52%	0.00%	–
Hong Kong Exchanges and Clearing Limited (388)		N/A	N/A	–	2,264	134	2,398	0.51%	0.00%	–
Beaver Group (Holding) Company Limited (8275)		N/A	N/A	–	2,150	160	2,310	0.49%	0.58%	–
International Entertainment Corporation										
(1009) ("IEC")	(d)	N/A	N/A	–	1,999	21	2,020	0.43%	0.08%	2,127
Season Pacific Holdings Limited (1709) ("SPH")	(e)	3.21%	0.10%	13,460	(4,747)	(7,192)	1,521	0.32%	0.47%	(6,782)
Cool Link (Holdings) Limited (8491) ("CLH")	(f)	N/A	N/A	–	2,475	(1,125)	1,350	0.28%	0.75%	–
Stau Holdings Limited (8392)		N/A	N/A	–	583	304	887	0.19%	0.27%	–
Takbo Group Holdings Limited (8436)		N/A	N/A	–	1,220	(380)	840	0.18%	0.50%	20
South China Holdings Company Limited (413)		N/A	N/A	–	207	(6)	201	0.04%	0.00%	–
Alltronics Holdings Limited (833)		N/A	N/A	–	–	–	–	N/A	N/A	(112)
GreaterChina Professional Services Limited										
(8193) ("GC Pro")	(g)	5.87%	0.79%	24,640	(24,640)	–	–	N/A	N/A	(22,797)
China 33 Media Group Limited (8087) ("China 33")	(h)	1.29%	0.83%	5,424	(5,424)	–	–	N/A	N/A	(3,615)
Unity Investments Holdings Limited (913) ("UIH")	(i)	1.11%	1.75%	4,667	(4,667)	–	–	N/A	N/A	(3,488)
Major Holdings Limited (1389) ("MHL")	(j)	1.04%	0.15%	4,387	(4,387)	–	–	N/A	N/A	(3,816)
China Environmental Energy Investment Limited										
(986) ("CEE")	(k)	0.79%	1.82%	3,298	(3,298)	–	–	N/A	N/A	(1,596)
Huatai Securities Co., Ltd. (6886)		0.00%	0.00%	6	(6)	–	–	N/A	N/A	–
Bar Pacific Group Holdings Limited (8432)		N/A	N/A	–	–	–	–	N/A	N/A	(798)
Time2U International Holding Limited										
(1327) ("Time2U")	(l)	N/A	N/A	–	–	–	–	N/A	N/A	(1,267)
				66,322	(2,584)	14,197	77,935			(42,124)
Listed fund										
Hang Seng China Enterprises Index ETF (2828)										
		N/A	N/A	–	2,300	64	2,364	0.50%	0.01%	–
				–	2,300	64	2,364			–
Unlisted fund										
Fidelity Funds – Asian High Yield Fund										
("Fidelity Fund")	(m)	1.42%	0.02%	5,970	(5,970)	–	–	N/A	N/A	90
M&G Optimal Income Fund ("M&G Fund")	(n)	1.44%	0.00%	6,063	(6,063)	–	–	N/A	N/A	13
Neuberger Berman High Yield Bond Fund										
("Neuberger Fund")	(o)	0.62%	0.01%	2,604	(2,604)	–	–	N/A	N/A	28
Pimco Income Fund ("Pimco Fund")	(p)	1.40%	0.00%	5,885	(5,885)	–	–	N/A	N/A	29
UBS Strategy Yield (USD) P-4%-mdist Fund										
("UBS Fund")	(q)	1.44%	0.11%	6,048	(6,048)	–	–	N/A	N/A	120
				26,570	(26,570)	–	–			280
Total				92,892	(26,854)	14,261	80,299			(41,844)

Notes:

- (a) This investment represented 9,010,000 shares, which was approximately 1.13% of the total issued shares of ITP as at 31 December 2017. ITP and its subsidiaries (“ITP Group”) generate revenue from providing (i) visual display solutions to its customers in relation to pop concert shows and various other live events; and (ii) equipment rental. For the Year, the Group recorded an unrealised fair value gain of approximately HK\$31.59 million in the investment of the shares of ITP. According to ITP’s interim report for the six months ended 30 November 2017, ITP Group recorded revenue and net profit of approximately HK\$35.84 million and HK\$6.64 million respectively. ITP Group is going to 1) expand its business in Shanghai; 2) enhance its business presence for providing visual display solutions for corporate events and exhibitions; and 3) develop a tracking system to enhance its equipment management and utilisation. In view of the improving financial performance and the trend of the share price of ITP, the management of the Group (the “Management”) expected that the investment in ITP shares will continuously contribute to increasing shareholders’ value.
- (b) This investment represented 23,995,000 shares, which was approximately 5.00% of the total issued shares of Bodibra as at 31 December 2017. Bodibra and its subsidiaries (“Bodibra Group”) are mainly engaged in the business of manufacturing and retail sales of lingerie products in Hong Kong and PRC. For the Year, the Group recorded an unrealised fair value loss of approximately HK\$1.01 million in the investment of the shares of Bodibra. According to Bodibra’s latest interim report for the six months ended 30 September 2017, the revenue and net profit (after deducting listing expenses of approximately HK\$9.06 million) of Bodibra Group were approximately HK\$40.33 million and HK\$0.08 million respectively. As disclosed in its latest interim report, Bodibra Group is going to expand its retail network by opening more retail stores and further strengthen its brand awareness and reputation by placing more advertisements in social media and online video sharing platform. The shares of Bodibra have been suspended from trading since early October 2017 pending the release of clarification announcement on articles in two magazines which constitutes inside information to Bodibra. Although the trading of Bodibra shares was suspended, having considered the sound financial performance of Bodibra Group, the Management is optimistic about its investment in Bodibra shares.
- (c) This investment represented 62,454,800 shares, which was approximately 4.88% of the total issued shares of L&A as at 31 December 2017. L&A and its subsidiaries (“L&A Group”) are principally engaged in manufacturing and selling pure cashmere apparel and other apparel products through OEM and retail and money lending business. For the Year, the Group recorded an unrealised fair value loss of approximately HK\$8.35 million in the investment of the shares of L&A. According to L&A’s interim report for the six months ended 30 September 2017, L&A Group recorded revenue and net loss of approximately HK\$10.90 million and HK\$256.23 million respectively and the net loss was mainly due to the impairment loss of investment in an associate of approximately HK\$273.14 million. As disclosed in its latest interim report, L&A Group intends to change its operation model by placing orders with third party OEM manufacturers which would substantially reduce the costs of operation and improve the profit margins of the OEM business. L&A Group also commenced its money lending business in order to diversify its source of income. The Management would continue to monitor the financial performance and share price of L&A and make appropriate decision on the investment in the shares of L&A. Subsequent to the Year, the Group disposed of nearly all its shares of L&A.

- (d) The investment represented 1,052,000 shares, which was approximately 0.08% of the total issued shares of IEC as at 31 December 2017. IEC and its subsidiaries (“IEC Group”) are principally engaged in hotel operations and leasing of investment properties equipped with entertainment equipment. During the Year, the Group has recorded a realised gain of approximately HK\$2.13 million from the disposal of and an unrealised fair value gain of approximately HK\$0.02 million for the investment in the shares of IEC. From the interim report of IEC for the six months ended 30 September 2017, IEC Group recorded revenue and net loss of approximately HK\$148.58 million and HK\$6.44 million respectively and the loss was mainly attributable to the change in fair value of investment properties held by IEC Group. As disclosed in its latest interim report, IEC Group will continue to consider a renovation plan to improve its properties as well as the facilities therein so as to attract more guests. Subsequent to the Year, the Group disposed of all its shares of IEC and such details are properly disclosed in the Company’s announcement dated 28 February 2018.
- (e) This investment represented 4,680,000 shares, which was approximately 0.47% of the total issued shares of SPH as at 31 December 2017. SPH and its subsidiaries (“SPH Group”) are principally engaged in sales of apparel products with the provision of supply chain management total solutions to customers. For the Year, the Group recorded a realised loss of approximately HK\$6.78 million from the disposal of and an unrealised fair value loss of approximately HK\$7.19 million for the investment in the shares of SPH. According to SPH’s interim report for the six months ended 30 September 2017, SPH Group recorded revenue and net profit of approximately HK\$169.41 million and HK\$16.92 million respectively. As disclosed in SPH’s announcements dated 13 June 2017 and 14 September 2017, SPH transferred the listing of its shares from GEM to Main Board of the Stock Exchange. Based on the sound financial performance and the transfer of its listing to Main Board, the Management expected the investment in the shares of SPH will ultimately contribute to increasing shareholders’ value.
- (f) This investment represented 4,500,000 shares, which was approximately 0.75% of the total issued shares of CLH as at 31 December 2017. CLH and its subsidiaries (“CLH Group”) are principally engaged in food supplies business in Singapore. For the Year, the Group recorded an unrealised fair value loss of approximately HK\$1.13 million for the investment in the shares of CLH. According to CLH’s third quarterly report for the nine months ended 30 September 2017, CLH Group recorded revenue and net loss of approximately Singapore Dollar (“S\$”) 20.95 million and S\$1.35 million respectively and the loss was mainly attributable to the listing expenses of approximately S\$2.50 million. As disclosed in CLH’s latest third quarterly report, the listing of shares is strategic to their entrance into the Hong Kong ship supply industry and will then raise the profile and visibility of CLH Group and strengthen their competitiveness. The Management would also continue to monitor the performance and share price of CHL and may cut loss on the investment in the shares of CLH if necessary.
- (g) The business of GC Pro together with its subsidiaries can be broadly categorised into four main sectors: (i) asset advisory services and asset appraisal, (ii) corporate services and consultancy, (iii) media advertising and (iv) financial services. In view of the trend of the share price of GC Pro, the Group disposed of its entire shareholding in GC Pro and recorded a realised loss of approximately HK\$22.80 million during the Year.
- (h) China 33 and its subsidiaries are principally engaged in printed media advertising, outdoor advertising, film and entertainment investment as well as prepaid card business. In view of the trend of the share price of China 33, the Group disposed of its entire shareholding in China 33 and recorded a realised loss of approximately HK\$3.62 million during the Year.
- (i) UIH and its subsidiaries are principally engaged in the investments in listed and unlisted securities. In view of the trend of the share price of UIH, the Group disposed of its entire shareholding in UIH and recorded a realised loss of approximately HK\$3.49 million during the Year.

- (j) MHL and its subsidiaries are principally engaged in sale and distribution of premium wine and spirit products and wine accessory products in Hong Kong. In view of the trend of the share price of MHL, the Group disposed of its entire shareholding in MHL and recorded a realised loss of approximately HK\$3.82 million during the Year.
- (k) CEE and its subsidiaries are principally engaged in the businesses of internet services, trading of gold and diamond, money lending and financial advisory and intermediary services. In view of the trend of the share price of CEE, the Group disposed of its entire shareholding in CEE and recorded a realised loss of approximately HK\$1.60 million during the Year.
- (l) Time2U and its subsidiaries are principally engaged in manufacturing and sales of own-branded watches, OEM watches and third-party watches. In view of the trend of the share price of Time2U, the Group disposed of all its shareholding in Time2U and recorded a realised loss of approximately HK\$1.27 million during the Year.
- (m) The Fidelity Fund, a public fund, invests primarily in Asian high yield bonds. During the Year, all the Group's investment in Fidelity Fund was disposed of and a realised gain of approximately HK\$0.09 million was recorded.
- (n) The M&G Fund, a public fund, invests primarily in government bonds or investment grade corporate bonds, mainly in the United States ("U.S."), Germany and United Kingdom. During the Year, all the Group's investment in M&G Fund was disposed of and a realised gain of approximately HK\$0.01 million was recorded.
- (o) The Neuberger Fund, a public fund, invests principally in high yield bonds, mainly in the U.S.. During the Year, all the Group's investment in Neuberger Fund was disposed of and a realised gain of approximately HK\$0.03 million was recorded.
- (p) The Pimco Fund, a public fund, invests primarily in fixed income instruments with varying maturities, mainly in U.S.. During the Year, all the Group's investment in Pimco Fund was disposed of and a realised gain of approximately HK\$0.03 million was recorded.
- (q) The UBS Fund, a public fund, invests globally in a diversified range of bonds, mainly high-quality bonds, money market instruments and equities. During the Year, all the Group's investment in UBS Fund was disposed of and a realised gain of approximately HK\$0.12 million was recorded.

Money Lending Business

The Group's money lending business has grown in a rapid pace since its commencement in June 2015. During the Year, it had generated interest income of approximately HK\$11.91 million (2016: HK\$8.34 million) and recorded a segment profit of approximately HK\$6.37 million (2016: HK\$6.85 million) after deducting a provision for impairment loss on loan and interest receivables of approximately HK\$4.17 million (2016: Nil).

An aggregate loan of approximately HK\$530.45 million (2016: HK\$342.37 million) with effective interest rate ranging from 3% to 36% per annum (2016: 3% to 24% per annum) had been built up by the Group during the Year, of which approximately HK\$341.56 million (2016: HK\$188.05 million) was repaid by its customers. As at 31 December 2017, the outstanding loan receivables of the Group amounted to approximately HK\$188.89 million (2016: HK\$154.32 million). Approximately 97% of the loans advanced by the Group are either secured by mortgages, legal charges over listed securities in Hong Kong and unlisted shares or secured by personal guarantee.

Dessert Catering Business

The dessert catering industry in the PRC is still facing a fierce competition which is further intensified by the emergence of e-commerce platform and the change of consumption pattern to online channel. The Lucky Dessert Group competes with both new entrants and competitors with longer operating histories. Together with the rising operating costs such as rental expenses and labour costs in the PRC, the Lucky Dessert Group changed its strategy and focused on developing its restaurant network through local business partners in the PRC, instead of operating its self-owned restaurant.

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 associates of approximately HK\$9.57 million (2016: HK\$38.15 million) for the Year, of which approximately HK\$3.74 million (2016: HK\$29.80 million) and HK\$4.65 million (2016: 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\$2.80 million (2016: HK\$12.28 million) in aggregate.

As at 31 December 2017, the Lucky Dessert Group had six (2016: three) dessert catering restaurants which were operated by three local business partners in Tianjin, Taiyuan, Shanxi and Nanjing. The Management reckons that Lucky Dessert possesses the distinctive attributes to be a competitive brand in the PRC’s causal catering industry.

Financial Review

During the Year, the Group's revenue amounted to approximately HK\$111.15 million which was approximately 10% higher than that of the Last Year. The increment was mainly due to the rise in revenue from food products operation and interest income (net of inter segment elimination) generated from the money lending business segment to approximately HK\$98.74 million and HK\$11.91 million respectively for the Year (2016: HK\$89.74 million and HK\$8.34 million respectively).

Loss attributable to the owners of the Company was approximately HK\$79.42 million for the Year, a significant improvement as compared to the loss of approximately HK\$320.92 million for the Last Year. Such improvement was mainly attributable to (i) the decrease in the net realised loss from financial assets at FVTPL to approximately HK\$41.84 million (2016: HK\$255.58 million); (ii) the reversal of net unrealised loss on fair value change of financial assets at FVTPL of approximately HK\$32.62 million to net unrealised gain of approximately HK\$14.26 million; (iii) the decrease in the share of loss of associates to approximately HK\$9.57 million (2016: HK\$38.15 million) and (iv) a gain on disposal of subsidiary of approximately HK\$6.44 million (2016: Nil) for the Year. However, the impact was also counteracted by (i) a reversal to income tax expenses of approximately HK\$0.13 million (2016: tax credit of approximately HK\$39.88 million); (ii) a provision for impairment on loan and interest receivables of approximately HK\$4.17 million (2016: Nil); (iii) an impairment loss on available-for-sale investments of approximately HK\$3.01 million (2016: Nil); (iv) an impairment loss on goodwill of approximately HK\$4.88 million (2016: Nil); and (v) an increase of share options expenses to approximately HK\$10.36 million (2016: HK\$2.88 million) for the Year.

The cost of inventories consumed for the Year amounted to approximately HK\$41.36 million (2016: HK\$37.75 million). The cost of inventories consumed was approximately 42% (2016: 42%) of the Group's revenue on food products operation for 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 for the Year amounted to approximately HK\$35.80 million (2016: HK\$32.27 million). The increase was mainly due to the new recruitment for developing the Group's businesses 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.

Outlook and Prospects

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

The Group invested HK\$15 million in a joint venture for the development and operation of a bar restaurant in Taiwan in January 2018. It is situated in Xinyi District, Taipei, an international and touristy area for pubs and bars.

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.

To broaden the customer base, the Group has started the Taiwanese cuisine takeaway store since December 2017. With the benefits from the economies of scales and larger market share, the Group believes the food products operation could achieve better performance.

The Group is also proactively monitoring the rising food costs, labour costs and commission expenses to supermarket chains 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 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 Lucky Dessert Group is consistently approached by potential local entrepreneurs 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.

DIVIDENDS

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

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the Year.

EVENT AFTER THE END OF THE REPORTING PERIOD

On 23 February 2018, 20,741,331 share options were granted to an eligible participant under the Company's share option scheme with an exercise price of HK\$0.183 per option and the validity period of one year from the date of grant. The fair value of share option expense will be charged to profit and loss and the corresponding amount will be credited to share option reserve. Details of which are set out in the Company's announcement dated 23 February 2018.

CORPORATE GOVERNANCE

The Board has adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (the "CG Code") under Appendix 15 of the GEM Listing Rules. For the Year, the Company has fully complied with all applicable provisions of the CG Code. Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" section of the 2017 Annual Report.

AUDIT COMMITTEE

The Company established the audit committee ("Audit Committee") pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 30 December 2015, the Board adopted a set of the revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement in relation to the internal control by introducing the concept of the risk management. The primary duties of the Audit Committee, among other things, are to assist the Board in overseeing and reviewing (i) the effectiveness of the Group's risk management and internal control systems and regulatory compliance of the Group; (ii) the integrity of the Company's financial statements and application of accounting standards and significant judgements contained in the financial statements; and (iii) the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors. As at 31 December 2017, 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 was the chairman of the Audit Committee. Subsequent to the reporting period, (i), Mr. Li Fu Yeung ceased to act as the chairman and a member of Audit Committee; (ii) Mr. Chu Sin Bun Jacky was appointed as a member of Audit Committee; and (iii) Mr. Tam Lok Hang was redesignated as the chairman of the Audit Committee on 1 February 2018.

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 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 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 26 March 2018

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

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