新煮意控股有限公司
Food Idea Holdings Limited

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

ANNUAL REPORT 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors ("Directors") of Food Idea Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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.

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors
Mr. Wong Hoi Yu *(Chairman)*
Mr. Yu Ka Ho *(Chief executive officer, "CEO")*

Independent non-executive Directors
Mr. Kwan Wai Yin, William
Mr. Tam Lok Hang
Mr. Chu Sin Bun Jacky
(appointed on 1 February 2018)
Mr. Li Fu Yeung (resigned on 1 February 2018)

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. Tam Lok Hang *(Chairman)*
(redesignated on 1 February 2018)
Mr. Kwan Wai Yin, William
Mr. Chu Sin Bun Jacky
(appointed on 1 February 2018)
Mr. Li Fu Yeung (resigned on 1 February 2018)

Remuneration Committee Members

Mr. Tam Lok Hang *(Chairman)*
Mr. Kwan Wai Yin, William
Mr. Chu Sin Bun Jacky
(appointed on 1 February 2018)
Mr. Li Fu Yeung (resigned on 1 February 2018)

Nomination Committee Members

Mr. Chu Sin Bun Jacky *(Chairman)*
(appointed on 1 February 2018)
Mr. Kwan Wai Yin, William
Mr. Tam Lok Hang
Mr. Li Fu Yeung (resigned on 1 February 2018)

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Industrial and Commercial Bank of
China (Asia) Limited

Registered Office

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

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

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

Hong Kong Share Registrars and Transfer Office

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

Company Website

www.foodidea.com.hk

GEM Stock Code

8179

CHAIRMAN'S STATEMENT

TO OUR SHAREHOLDERS

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017 (the "Year").

2017 marked an important milestone in the Group's development. On 23 May 2017, the Company completed the rights issue successfully and received tremendous support from the shareholders. The fund raised from the rights issue further enhanced the Group's financial strength and market position.

Money Lending Business

As disclosed in the Monthly Statistical Bulletin published by the Hong Kong Monetary Authority in January 2018, the total loans and advances of all authorised money lending institutions in Hong Kong increased from approximately HK$7,366 billion in January 2015 to approximately HK$9,314 billion in December 2017, indicating a rising demand in the money lending market in Hong Kong. The Group has also experienced an unexpected overwhelming demand for loans by borrowers and therefore has conducted one placing and one rights issue for net proceeds of approximately HK$22.80 million in January 2017 and HK$134.19 million in May 2017 respectively to meet such demands. The Group has utilised substantial amount of the abovementioned proceeds for provision of loans to various borrowers.

In view of the interest income contributed to the Group and the growing demand of loans, the Board is optimistic about the development of the money lending business.

Pursuant to our record, the aggregate loans offered was of approximately HK$342.37 million and HK$530.45 million as at 31 December 2016 and as at 31 December 2017 respectively, representing an increase of approximately 55%. Most of our clients negotiated with the Group directly without involving any financial intermediaries. With regard to the recent combat on the illegal malpractices of financial intermediaries which charge exorbitant intermediary fees, the Board believes more borrowers will avoid using financial intermediaries and turn to deal with licensed money lenders which are more reliable and regulated, such as banks and licensed money lenders of listed companies directly.

The Board expanded its loan book to approximately HK$188.89 million by the end of 2017, and it matched to the management's expectation.

Food Products Operation

The food operation business was operated by the subsidiaries of the Company to produce and supply barbequed food and Taiwanese Lou Mei to over 70 (2016: over 60) concessionaire stores in major supermarket chains in Hong Kong, which have new outlets from time to time.

CHAIRMAN'S STATEMENT

In order to expand our market share and take advantage of the trend towards takeaway food, the Group has started a new concept Taiwanese cuisine takeaway store since December 2017. The new store is providing heated and ready to consumed Taiwanese Lou Mei for customers. The Group believes that the new takeaway store and the concept of "food-on-the-go" will achieve a higher turnover rate through speedier service, as well as attract and cater those time-pressed customers and the younger generation.

The food products operation continues to achieve positive return. It recognised an increment in segment revenue of approximately 10% to HK$98.74 million for the Year, compared with approximately HK$89.74 million for the year ended 31 December 2016 (the "Last Year").

Securities Investment Business

As at 31 December 2017, the Group's investment portfolio includes various equity securities and funds listed in Hong Kong.

The Hang Seng Index closed at 29,919 at the end of December 2017, compared with 22,000 at the end of December 2016. The average daily turnover on the Main Board and GEM during the Year was approximately HK$88 billion, an increase of approximately 31% as compared with approximately HK$67 billion for the Last Year. The Hong Kong stock market was going bullish due to the strong inflows of mainland capital into Hong Kong. Accordingly, the Group has recorded an unrealised gain of approximately HK$14.26 million on financial assets at fair value through profit or loss ("FVTPL") for the Year.

However, the financial markets also experienced a high level of volatility, especially the small cap stock plunge in June 2017. Due to the dramatic volatility of the market, the management had cut losses on certain investments which were in vulnerable position and kept those with potential prospect. As a result, the Group recorded a loss on disposal of financial assets at FVTPL of approximately HK$41.84 million for the Year. We will continue to monitor the existing positions closely to maximise the return prospect for our investments.

Dessert Catering Business

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

The Lucky Dessert Group competes with both new entrants and competitors with longer operating histories, in terms of taste, quality, price and customer service etc. The progress of opening and setting up new dessert catering restaurants was slowed down. As a result, the Group recognised a share of loss of an associate of approximately HK$9.57 million for the Year in this sector.

Others

During the year, the Group has several investments including lands and properties, motor vessels in Hong Kong and a bar restaurant operation in Taiwan through certain investments in an associate and joint ventures. Total funds of approximately HK$39.84 million were used for the aforesaid investments.

Prospects

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

Appreciation

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

Wong Hoi Yu
Chairman

Hong Kong, 26 March 2018

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

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

Executive Directors

Mr. Wong Hoi Yu（黃愷宇先生）, aged 34, is the chairman of the Board and an executive Director. Mr. Wong was appointed as an executive Director on 16 August 2016. Mr. Wong obtained his bachelor's degree of science in Computer Science from Chu Hai College of Higher Education in Hong Kong in 2008. He has more than 8 years' solid marketing and management experience, including restaurant operations, recruitment, managing food and service quality, etc., from his previous employments in the catering industry in Hong Kong. Mr. Wong is also a director of certain subsidiaries and a joint venture of the Group and is responsible for the overall management, business development and strategic planning of the Group.

Mr. Yu Ka Ho（余嘉豪先生）, aged 35, was appointed as an executive Director on 22 June 2015 and as a CEO, authorised representative and compliance officer of the Company on 22 November 2016. Mr. Yu was an independent non-executive Director, chairman of the audit committee ("Audit Committee"), and a member of the remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee") of the Company when the shares of the Company were listed on GEM in July 2011. He retired at the annual general meeting ("AGM") of the Company in May 2012 and was then appointed as vice president of the business development department of Food Idea Group Limited, a wholly-owned subsidiary of the Company, on 1 June 2012. He is also a director of certain subsidiaries, joint ventures and associates of the Group and is responsible for business development, finance, accounting, human resources and marketing of the Group.

Independent Non-Executive Directors

Mr. Kwan Wai Yin, William（關偉賢先生）, aged 42, was appointed an independent non-executive Director on 2 September 2013. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee. Mr. Kwan possesses extensive experience in marketing and sales. He was the Vice President of the corporate sales department of Sun Hung Kai Financial Group from August 2006 to November 2008. From February 2009 to August 2012, he was a sales manager of a private trading company. After which, Mr. Kwan has been operating a tailor business since August 2012. Mr. Kwan obtained his Bachelor of Arts Degree in Economics from York University, Ontario, Canada.

Mr. Tam Lok Hang（譚諾恒先生）, aged 35, was appointed an independent non-executive Director on 7 January 2016. He is also the chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee. Mr. Tam obtained his bachelor's degree in Business from Queensland University of Technology in 2006. He has more than 7 years' solid experience in auditing, finance and accounting gained from his previous employment in local and international CPA firms, listed and unlisted companies in Hong Kong. He is now an entrepreneur.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Chu Sin Bun Jacky (朱善斌先生) aged 38, was appointed an independent non-executive Director on 1 February 2018. He is also the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee. Mr. Chu graduated from the City University of Hong Kong with a degree of bachelor of business administration. He has more than 10 years' solid experience in customer services, logistic management, as well as sales and marketing fields. He is currently an entrepreneur.

Senior Management

Mr. Wong Tin King, Richard (黃天競先生), *CPA, FCA* aged 40, was appointed as chief financial officer, authorised representative and company secretary ("Company Secretary") of the Company on 24 June 2011. He graduated from The Hong Kong Polytechnic University with a bachelor's degree in accountancy in 2000. Mr. Wong has over 15 years of accounting experience accumulated from working for various professional accounting firms and listed company. Mr. Wong is also a director of certain subsidiaries and an associate of the Group and is responsible for the accounting and finance functions of the Group, including developing financial strategy to support the Group's growth plan. Mr. Wong is currently a fellow member of The Institute of Chartered Accountants in England and Wales and an associate member of Hong Kong Institute of Certified Public Accountants.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

MANAGEMENT DISCUSSION AND ANALYSIS

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	Movement for the year ended 31 December 2017		Fair value as at 31 December 2017	% to the total assets of the Group	% to the interest in the respective investments as at 31 December 2017	Gain / (loss) on disposal / redemption
					Addition / (disposal / redemption), net	Change on fair value, net				
				HK$'000	*HK$'000*	*HK$'000*	***HK$'000***			***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.

MANAGEMENT DISCUSSION AND ANALYSIS

(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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Liquidity, Financial and Capital Resources

Capital structure

As at 31 December 2017, the share capital and equity attributable to owners of the Company amounted to approximately HK$21,071,000 and HK$442,085,000 respectively (2016: HK$7,988,000 and HK$313,460,000 respectively). Details of the capital risk management are set out in the Note 5 to the consolidated financial statements.

Cash position

As at 31 December 2017, the carrying amount of the Group's unpledged bank balances and cash was approximately HK$37,127,000 (2016: HK$14,269,000), representing an increase of approximately 160% as compared to that as at 31 December 2016. No bank deposits were pledged to banks for the banking facilities of the Group (2016: HK$2,017,000).

Fund raising exercises of the Group during the past twelve months

The following are the fund raising activities of the Group during the past twelve months immediate preceding 31 December 2017:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds *(Note)*	Actual use of proceeds up to the date of this report
28 February 2017 (completed on 23 May 2017)	Rights issue of 958,464,000 shares at HK$0.14 per rights share	HK$134.19 million	Approximately HK$40 million for funding the acquisition of commercial properties as the office of the Company; Approximately HK$60 million for development of the Group's money lending business; Approximately HK$13 million for the investment in a joint venture to develop the bar restaurant business in Taiwan; Approximately HK$2 million for the development of the Group's investment business; and The balance of approximately HK$19.19 million will be used for general working capital of the Group.	Approximately HK$40 million was used to pay for the acquisition of the commercial properties; Provision of loans to not less than 10 individuals which, in aggregate, amounts to approximately HK$60 million under various terms of not more than 2 years with interest rate from 5% to 12% per annum; Approximately HK$13 million was used for the investment in a joint venture to develop the bar restaurant business in Taiwan; Approximately HK$2 million was used for investing in unlisted investments; and Approximately HK$19.19 million was utilised for general working capital of the Group.
20 December 2016 (completed on 6 January 2017)	Placing of new shares	HK$22.80 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.

Note: The intended use of proceeds for the rights issue on 28 February 2017 was amended. Details of which were disclosed in the Company's announcement dated 26 January 2018.

Borrowings and charges on the Group's assets

Details of borrowings and charges on the Group's assets as at 31 December 2017 are set out in Note 30 to the consolidated financial statements.

Gearing ratio

Gearing ratio is calculated as net debt (borrowings and promissory note less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interest). As at 31 December 2017, the gearing ratio is not applicable to the Group as the Group's bank balances and cash are more than its borrowings (2016: 17%).

Exchange Rate Exposure

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

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

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

Saved as the acquisition of a joint venture and the disposal of subsidiaries disclosed in Notes 22 and 38 to the consolidated financial statements respectively, the acquisition and disposal of financial assets at FVTPL disclosed elsewhere in this report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the Year. Saved as disclosed elsewhere in this report, there is no plan for material investments or capital assets as at 31 December 2017.

Contingent Liabilities

Save as disclosed elsewhere in this annual report, the Group had no material contingent liabilities as at 31 December 2017 (2016: Nil).

Capital Commitments

Details of capital commitments of the Group as at 31 December 2017 are set out in Note 35 to the consolidated financial statements.

Employees and Emolument Policies

The Group had over 220 employees (including Directors) as at 31 December 2017 (2016: 170). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board. In addition, the Group adopted a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group. Details of the share option scheme are set out in Note 33 to the consolidated financial statements.

DIRECTORS' REPORT

The Board is pleased to present their annual report together with the audited consolidated financial statements of the Group for the Year.

Principal Activities

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 41 to the consolidated financial statements. The Group is principally engaged in (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.

Segment Information

Details of segment information of the Group for the Year are set out in Note 7 to the consolidated financial statements.

Results and Dividends

The results of the Group for the Year and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 50 to 152.

During the Year, no interim dividend (2016: Nil) was declared and paid.

During the Year, there was no arrangement under which any shareholder waived or agreed to waive any dividend.

The Directors do not recommend the payment of final dividend for the Year (2016: Nil). Further details of dividends are set out in Note 15 to the consolidated financial statements.

Business Review

A fair review of the business of the Group as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position can be found in the "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 4 to 6 and pages 9 to 19 respectively.

Principal Risks and Uncertainties

The Directors are aware that the Group is exposed to a variety of risks, some are specific to the businesses in which the Group operates while others are common risks that most businesses face. Procedures have been established by the Directors to ensure significant risks that may adversely affect the Group's operation and performance are identified and corresponding measures are in place to mitigate those risks. Save as disclosed in Note 6 to the consolidated financial statements and elsewhere in the annual report, the following are the most significant risks identified as at 31 December 2017. If any of these events occur, the Group's businesses, financial conditions, results of operations and / or prospects of the Group could be materially and adversely affected. These key risks are by no means exhaustive or comprehensive, and there may be other risks, in addition to those highlighted below, which are not known by the Group or which may not appear significant now but could turn out to be so in the future. Key risks related to the Group's businesses and to the industries in which the Group operates include:

Money Lending Business

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

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

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

Up to the date of this annual report, the Group's money lending business was primarily financed by (i) cash flow from the operating activities; and (ii) several fund raising activities of the Company. The Group may need additional capital to fund its expansion and growth and to increase its loan portfolio. There is no assurance that the Group will generate sufficient cash flow from the operating activities for the intended expansion plans. In the event that the Group does not have such operating cash flow, the Group may need to obtain alternative financing. However, as a result of actions taken by the Hong Kong government, as well as banks and financial institutions to prevent overheating in the property market since the end of 2013, the Group has experienced difficulties in obtaining financing from banks and financial institutions.

There is no assurance that the Group will be able to obtain adequate financing from other sources on acceptable terms or at all. The Group may be required to scale back its planned expansion, which may adversely affect its ability to execute the planned growth strategy.

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

The Group have granted most of its loans with securities such as properties, equity securities listed in Hong Kong. However, if the value of the securities declines and the borrower is unable to repay the full value of the loan, the safety margin of the Group's outstanding loans will be reduced and the risk of recovering its exposure to such loan will be increased. Failure to recover the Group's exposure to any loan would adversely affect the profitability of the money lending business.

Food products operation

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

Over 90% of the revenue from food products operation was derived from the concessionaire stores in supermarket chains in Hong Kong. The Management anticipates that such business will remain core in the foreseeable future. As at 31 December 2017, we operated over 70 concessionaire stores in supermarket chains in Hong Kong.

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

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

Food safety issue

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

Securities investments

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

Catering Services

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

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

The Lucky Dessert Group operates in a highly competitive industry

The Lucky Dessert Group operates dessert catering restaurants in a rather competitive market. With relatively low cost to enter the market and relatively focused group of target customer, the Lucky Dessert Group strives to differentiate its products, in terms of taste, quality, price, customer service and ambience, etc. The Lucky Dessert Group's business and results of operations may be adversely affected in the event that the Lucky Dessert Group is not competitive in terms of the pricing, or there is a deterioration in the quality of its desserts or its level of service.

Environmental Policies and Performance

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

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

Compliance with the Relevant Laws and Regulations

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

Relationship with Suppliers, Customers and other Stakeholders

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

Save as the dispute with a customer in the Group's money lending business, there were no material and significant dispute between the Group and its suppliers, customers and / or other stakeholders during the Year.

Permitted Indemnity

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

Annual General Meeting

The 2018 AGM will be held on Friday, 8 June 2018. A circular containing the details of 2018 AGM and the notice of 2018 AGM and form of proxy accompanying thereto will soon be despatched to shareholders.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in Note 40 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

Distributable Reserves

As at 31 December 2017 the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$392,092,000 (2016: HK$215,701,000). The amount includes the Company's share premium, capital reserve and accumulated losses which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 17 to the consolidated financial statements.

Interest Capitalised

No interest was capitalised by the Group during the year.

Summary of Financial Information

A summary of the published results and assets, liabilities and non-controlling interests of the Group, as extracted from the consolidated financial statements, is set out on page 154 of this annual report. This summary does not form part of the audited consolidated financial statements.

Share Capital

Details of the Company's share capital and movements during the year are set out in Note 32 to the consolidated financial statements.

Pre-emptive Rights

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

Major Customers and Suppliers

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

	Percentage of the Group's total purchases	
	2017	2016
The largest supplier	**25%**	12%
Five largest suppliers in aggregate	**68%**	29%

None of the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the major suppliers disclosed above.

DIRECTORS' REPORT

Directors

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

Executive Directors

Mr. Wong Hoi Yu *(Chairman)*
Mr. Yu Ka Ho *(CEO)*

Independent non-executive Directors

Mr. Kwan Wai Yin, William
Mr. Tam Lok Hang
Mr. Chu Sin Bun Jacky (appointed on 1 February 2018)
Mr. Li Fu Yeung (resigned on 1 February 2018)

Pursuant to article 83(3) of the Articles of Association, Mr. Chu Sin Bun Jacky shall retire from office as independent non-executive Director at the conclusion of the 2018 AGM and, being eligible, offer himself for re-election at the 2018 AGM.

Pursuant to article 84 of the Articles of Association, Mr. Wong Hoi Yu and Mr. Kwan Wai Yin, William shall retire from office as executive Director and independent non-executive Director respectively by rotation at the 2018 AGM and, being eligible, offer themselves for re-election at the 2018 AGM.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 7 and 8 of this annual report.

Directors' Service Contracts

Mr. Wong Hoi Yu, the executive Director, has a service contract with the Company for a fixed term of one year with effect from the date of appointment on 16 August 2016. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless either party has given at least one month's written notice of non-renewal before the expiry of the then existing term.

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

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

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

Independence Confirmation

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

Remuneration of the Directors and Senior Management and Highest Paid Individuals

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

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

Remuneration Bands	**Number of Individuals***
Below HK$1,000,000	3
HK$1,000,001 – HK$2,000,000	1
HK$2,000,001 – HK$3,000,000	1

* Resigned Director is not included

Management Contracts

As at 31 December 2017, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

Emolument Policy

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

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

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in Note 33 to the consolidated financial statements.

Retirement Benefit Scheme

Details of the retirement benefit scheme of the Group are set out in Note 36 to the consolidated financial statements.

Share Option Scheme

Details of the share option scheme of the Group are set out in Note 33 to the consolidated financial statement.

Directors' Interests in Contract

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

Directors' Interests in Competing Business

None of the Directors and their respective associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Year or as at 31 December 2017.

DIRECTORS' REPORT

Update on Directors' Information

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors for the Year and up to the date of the annual report is set out below:

(i) Mr. Li Fu Yeung has resigned from his office as an independent non-executive Director, the chairman of the Audit Committee and the Nomination Committee and a member of the Remuneration Committee on 1 February 2018;

(ii) Mr. Chu Sin Bun Jacky has been appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee on 1 February 2018; and

(iii) Mr. Tam Lok Hang, an independent non-executive Director, has been redesignated as the chairman of the Audit Committee on 1 February 2018.

Save as disclosed above and elsewhere in this report, there is no other information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules for the Year and up to the date of the annual report.

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

As at 31 December 2017, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in the Company

Name of Director	Capacity / nature of interest	Total number of ordinary shares held	Approximate percentage of interest
Mr. Yu Ka Ho	Beneficial owner	256	0.00%

Saved as disclosed above, as at 31 December 2017, none of the Directors and chief executives of the Company had, or deemed to have, any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Directors' Rights to Acquire Shares or Debentures

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above, at no time during the Year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

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

So far as the Directors are aware, as at 31 December 2017, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above, the following parties have interest or short position in the shares or underlying shares of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Long Positions in Shares and Underlying Shares of the Company

Name	Capacity / nature of interest	Total number of ordinary shares	Approximate percentage of interest
Mr. Wong Ryan Tai Cheong ("Mr. Wong TC") *(Note 1)*	Beneficial owner	24,288,000	1.15%
	Interest of spouse	62,952,000	2.99%
	Interest in controlled corporation	254,863,200	12.10%
Ms. Fung Pui Wah (''Ms. Fung'') *(Note 2)*	Beneficial owner	62,952,000	2.99%
	Interest of spouse	279,151,200	13.25%
KMW Investments Limited ("KMW") *(Note 1)*	Beneficial owner	254,863,200	12.10%

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.

Saved as disclosed above, as at 31 December 2017, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS' REPORT

Purchase, Sale or Redemption of the Shares

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

Connected Transactions

Significant related party transactions entered into by the Group during the Year are disclosed in Note 37 to the consolidated financial statements.

Events after the Reporting Period

Details of events after the reporting period are set out in Note 43 to the consolidated financial statements. Save as disclosed elsewhere in this annual report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2017 and up to the date of this annual report.

Code of Conduct for Securities Transactions by Directors

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

Corporate Governance

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

Sufficiency of Public Float

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

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C3.3 of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. On 30 December 2015, the Board adopted a set of the revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement in relation to the internal control by introducing the concept of the risk management. The primary duties of the Audit Committee, among other things, are to assist the Board in overseeing and reviewing (i) the effectiveness of the Group's risk management and internal control systems and regulatory compliance of the Group; (ii) the integrity of the Company's financial statements and application of accounting standards and significant judgements contained in the financial statements; and (iii) the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors. As at 31 December 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.

Auditor

The financial statements for the Year have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditor of the Company will be proposed at the 2018 AGM.

By order of the Board
Food Idea Holdings Limited

Wong Hoi Yu
Chairman and executive Director

Hong Kong, 26 March 2018

CORPORATE GOVERNANCE REPORT

The Board has adopted various policies to ensure compliance with the code provisions of the CG Code under Appendix 15 of the GEM Listing Rules. For the Year, the Company has fully complied with all applicable provisions of the CG Code.

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

Board of Directors

Board Composition

The Board currently comprises five members, of which two are executive Directors namely Mr. Wong Hoi Yu (Chairman) and Mr. Yu Ka Ho and three are independent non-executive Directors namely Mr. Kwan Wai Yin, William, Mr. Tam Lok Hang and Mr. Chu Sin Bun Jacky (appointed on 1 February 2018 while Mr. Li Fu Yeung resigned on the same date). Saved as the resigned Director, each of the Directors' respective biographical details are set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

The Board included three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise during the year.

Chairman and CEO

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

Independent non-executive Directors

The independent non-executive Directors are appointed for a fixed term of one year commencing from their dates of appointment for which Mr. Kwan Wai Yin, William whose term commenced on 2 September 2013; Mr. Tam Lok Hang whose term commenced on 7 January 2016 and Mr. Chu Sin Bun Jacky whose term commenced on 1 February 2018. The appointment can be terminated by either the Company or the independent non-executive Director giving to the other party not less than one month's prior written notice. The Company and the independent non-executive Director shall discuss whether to renew the term of appointment of the independent non-executive Director prior to the expiration of the relevant term of appointment. If either party disagrees with the renewal of the term of appointment of the independent non-executive Director, such party shall notify the other party in writing at least two months prior to the expiration of the relevant term of appointment. Subject to the consent of both parties, the term of appointment of the independent non-executive Director may be renewed automatically for one year on expiry of the initial term and for successive terms of one year each commencing on expiry of the then current term. Also, the independent non-executive Directors are subject to re-election on retirement by rotation at the AGM in accordance with the Articles of Association.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors namely Mr. Li Fu Yeung (resigned on 1 February 2018), Mr. Kwan Wai Yin, William, Mr. Tam Lok Hang to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the Year.

Role and Function of the Board

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

Delegation by the Board

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

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

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

Board Diversity Policy

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

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

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

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

Professional Development of the Directors

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

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

Name of Directors	Attended seminars, briefing or read materials
Executive Directors	
Mr. Wong Hoi Yu	✓
Mr. Yu Ka Ho	✓
Independent non-executive Directors	
Mr. Kwan Wai Yin, William	✓
Mr. Tam Lok Hang	✓
Mr. Chu Sin Bun Jacky (appointed on 1 February 2018)	N/A
Mr. Li Fu Yeung (resigned on 1 February 2018)	✓

Board Meetings

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

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

Number of Meetings and Attendance Records

For the Year, 20 Board meetings were held, out of which 4 were regular Board meetings for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Group. The attendance records of each Director at the Board meetings and Board committees' Meetings are set out in the table below:

	Meetings attended / Eligible to attend						
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**AGM held on 8 June 2017**	**Extraordinary general meeting ("EGM") held on 12 April 2017**	**EGM held on 8 June 2017**
Executive Directors							
Mr. Wong Hoi Yu	20/20	–	–	–	1/1	1/1	1/1
Mr. Yu Ka Ho	20/20	–	–	–	1/1	1/1	1/1
Independent non-executive Directors							
Mr. Kwan Wai Yin, William	20/20	4/4	3/3	2/2	1/1	1/1	1/1
Mr. Tam Lok Hang	20/20	4/4	3/3	2/2	1/1	0/1	1/1
Mr. Chu Sin Bun Jacky (appointed on 1 February 2018)	–	–	–	–	–	–	–
Mr. Li Fu Yeung (resigned on 1 February 2018)	20/20	4/4	3/3	2/2	1/1	0/1	1/1

Board Committee

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 30 December 2015, the Board adopted a set of the revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement in relation to the internal control by introducing the concept of the risk management. The revised terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the Audit Committee, among other things, are to assist the Board in overseeing and reviewing (i) the effectiveness of the Group's risk management and internal control systems and regulatory compliance of the Group; (ii) the integrity of the Company's financial statements and application of accounting standards and significant judgements contained in the financial statements; and (iii) the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

As at 31 December 2017, the Audit Committee consists of three independent non-executive Directors, namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang. Mr. Li Fu Yeung was the chairman of the Audit Committee. During the year, 4 meetings of Audit Committee were held for, inter alia, reviewing the Group's quarterly, interim and annual results, the financial reporting and compliance procedures, the risk management and internal control systems and considering the re-election of auditor of the Company.

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.

Remuneration Committee

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

As at 31 December 2017, the Remuneration Committee consists of three independent non-executive Directors, namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang. Mr. Tam Lok Hang is the chairman of the Remuneration Committee. Details of the remuneration of Directors are set out in Note 14 to the consolidated financial statements. During the year, 3 meetings of Remuneration Committee were held for, inter alia, reviewing the remuneration policy and structure and determining the annual remuneration packages of the Directors and the senior management and determining the annual remuneration packages of the newly appointed Directors and senior management, if any.

Subsequent to the reporting period, Mr. Li Fu Yeung ceased to act as a member of Remuneration Committee and Mr. Chu Sin Bun Jacky was appointed as a member of Remuneration Committee on 1 February 2018.

Nomination Committee

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

Before the Nomination Committee was established, all Directors are responsible for making recommendations to the Board on nomination and appointment of Directors and Board succession, with a view to appoint to the Board individuals with suitable experience and capabilities to maintain and improve the competitiveness of the Company. Where vacancies on the Board exist, the Nomination Committee (or the Board before the Nomination Committee was established) will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an independent non-executive Director, the Company's needs and other relevant statutory requirements and regulations.

As at 31 December 2017, the Nomination Committee consists of three independent non-executive Directors, namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang. Mr. Li Fu Yeung was the chairman of the Nomination Committee. During the year, 2 meetings of Nomination Committee were held for, inter alia, considering the retirement and re-election of the Directors and the appointment of the new Directors and senior management, if any. The Nomination Committee has also reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group has achieved the effectiveness of the Board Diversity Policy during the year.

Subsequent to the reporting period, Mr. Li Fu Yeung ceased to act as the chairman and a member of Nomination Committee and Mr. Chu Sin Bun Jacky was appointed as the chairman and a member of Nomination Committee on 1 February 2018.

Corporate Governance Function

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

Directors' Securities Transactions

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

Auditor's Remuneration

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

Service rendered	Fees paid / payable *HK$*
Audit services	998,000
Non-audit services:	
Other services	201,100
Total	1,199,100

Internal Controls and Risk Management

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

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

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

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

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

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

Directors' Responsibility for the Consolidated Financial Statements

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

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

Investor Relations and Communication

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

The 2017 AGM was held on 8 June 2017 and two EGMs were held on 12 April 2017 and 8 June 2017 respectively. Save as the attendance of the Board disclosed under the paragraph headed "Number of Meetings and Attendance Records" above, the auditor also attended the 2017 AGM to answer questions of the shareholders.

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

Company Secretary

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

CORPORATE GOVERNANCE REPORT

Shareholders' Right

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Article of Association, an EGM may be convened by the Board upon requisition by any shareholder holding not less than one-tenth of the issued share capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary at the head office of the Company at Room A, 6/F, CNT Tower, 338 Hennessy Road, Wan Chai, Hong Kong, specifying the shareholding information of the shareholder, his / her contact details and the proposal regarding any specified transaction / business and its supporting documents.

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

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

Procedures for Putting Forward Proposals at a General Meeting

A shareholder shall make a written requisition to the Board or the Company Secretary at the head office of the Company at Room A, 6/F, CNT Tower, 338 Hennessy Road, Wan Chai, Hong Kong, specifying the shareholding information of the shareholder, his / her contact details and the proposal he / she intends to put forward at general meeting regarding any specified transaction / business and its supporting documents.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary at the head office of the Company at Room A, 6/F, CNT Tower, 338 Hennessy Road, Wan Chai, Hong Kong, or send email to info@foodidea.com.hk. Shareholders may also make enquiries with the Board at the general meetings of the Company.

Constitutional Documents

There are no significant changes in the Company's constitutional documents during the Year.

信永中和
ShineWing

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

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

OPINION

We have audited the consolidated financial statements of Food Idea Holdings Limited (the "Company") and its subsidiaries (hereinafter collecting referred as the "Group") set out on pages 50 to 152, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Three key audit matters identified in our audit are as follows:

1. Impairment assessment on loan and interest receivables
2. Impairment assessment on the interests in associates
3. Impairment assessment on the interests in joint ventures

Key audit matters identified in our audit summarised are as follows:

IMPAIRMENT ASSESSMENT ON LOAN AND INTEREST RECEIVABLES

Refer to note 25 to the consolidated financial statements and the accounting policies on pages 77 to 79.

The key audit matter

As at 31 December 2017, the Group has significant loan and interest receivables of approximately HK$186 million. The loan receivables are due from a few independent individuals and over 97% of the balances were secured by the collaterals.

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

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

How the matter was addressed in our audit

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

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

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

IMPAIRMENT ASSESSMENT ON THE INTERESTS IN ASSOCIATES

Refer to note 21 to the consolidated financial statements and the accounting policies on pages 67 to 68 and 75.

The key audit matter

The major interests in associates of the Group is holding 49% of equity interest in Lucky Dessert (China) Holdings Limited. This investment is accounted for as an associate using the equity method because of the significant influence that comes from its voting power. Share of loss of the associate has been recognised in profit or loss.

During the year ended 31 December 2017, the associate had recurring loss in operations due to the fierce competition in dessert industry in the People's Republic of China. As a result, the management performed an impairment test using a value-in-use model to estimate the recoverable amount of the investment.

We have identified the impairment of interests in associates as a key audit matter because of its significance to the consolidated financial statements and because the Group's assessment of impairment of this associate is a judgemental process which requires estimates concerning the methods and assumptions to be applied in determining the value-in-use. The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to valuation model may result in significant financial impact.

How the matter was addressed in our audit

Our procedures were designed to review the management's assessment of the indicators of impairment and to challenge the reasonableness of the methods and assumptions used in the valuation model to estimate the recoverable amount of the investment.

We have discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing.

We have assessed the valuation methodology and compared significant inputs to third party sources. We have also challenged the key assumptions and critical judgement used by the management based on our knowledge of the business and industry.

IMPAIRMENT ASSESSMENT ON THE INTERESTS IN JOINT VENTURES

Refer to note 22 to the consolidated financial statements and the accounting policies on pages 67 to 68 and 75.

The key audit matter	How the matter was addressed in our audit
The major interests in joint ventures of the Group is holding 30% of equity interest in Marvel Miracle International Limited. The investment is accounted for as a joint venture using the equity method because of the joint control that comes from its voting power. Share of profit of the joint venture has been recognised in profit or loss. During the year ended 31 December 2017, the major assets held by the joint venture is indirectly holding certain interests in investment properties in Hong Kong which fair value is assessed by an independent professional valuer. The fair value is highly affected by the market conditions. We have identified the impairment of interests in joint ventures as a key audit matter because of its significance to the consolidated financial statements and because the Group's assessment of impairment of joint ventures is a judgemental process which requires estimates concerning the methods and assumptions to be applied in determining the recoverable amount of the investment. The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to valuation model may result in significant financial impact.	Our procedures were designed to review the management's assessment of the indicators of impairment and challenge the reasonableness of the methods and assumptions used in the valuation model to estimate the recoverable amount of the investment. We have discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing. We have assessed the valuation methodology and compared significant inputs to third party sources. We have also challenged the key assumptions and critical judgement used by the management based on our knowledge of the business and industry.

OTHER INFORMATION

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

INDEPENDENT AUDITOR’S REPORT (Continued)

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

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

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

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

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

Hong Kong
26 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	NOTES	2017 HK$'000	2016 HK$'000
Continuing operations			
Revenue	7	**111,148**	100,781
Other income	8	**1,034**	572
Cost of inventories consumed		**(41,364)**	(37,749)
Employee benefits expenses	9	**(35,801)**	(32,271)
Depreciation		**(5,306)**	(3,473)
Amortisation	20	**(192)**	(180)
Operating lease rentals and related expenses		**(3,273)**	(4,891)
Utilities expenses		**(787)**	(996)
Other losses, net	9	**(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	33	**(10,362)**	(2,880)
Other operating expenses		**(51,948)**	(47,309)
Share of loss of associates	21	**(9,572)**	(38,154)
Share of profit of joint ventures	22	**1,798**	–
Finance costs	10	**(1,762)**	(4,729)
Loss before tax	9	**(79,470)**	(360,698)
Income tax (expenses) credit	11	**(131)**	39,884
Loss for the year from continuing operations		**(79,601)**	(320,814)

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

For the year ended 31 December 2017

	NOTE	2017 HK$'000	2016 HK$'000
Discontinued operation			
Loss for the year from discontinued operation	12	**–**	(11,616)
Loss for the year		**(79,601)**	(332,430)
Other comprehensive income (expenses) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**12**	(31)
Share of foreign currency translation reserve of an associate		**3,759**	(4,399)
		3,771	(4,430)
Total comprehensive expenses for the year		**(75,830)**	(336,860)
Loss for the year attributable to owners of the Company			
– from continuing operations		**(79,417)**	(320,921)
– from discontinued operation		**–**	(11,344)
		(79,417)	(332,265)
Loss for the year attributable to non-controlling interests			
– from continuing operations		**(184)**	107
– from discontinued operation		**–**	(272)
		(184)	(165)
		(79,601)	(332,430)

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

For the year ended 31 December 2017

	NOTE	**2017** **HK$'000**	2016 HK$'000
Total comprehensive expenses for the year attributable to owners of the Company			
– from continuing operations		**(75,646)**	(325,351)
– from discontinued operation		**–**	(11,344)
		(75,646)	(336,695)
Total comprehensive (expenses) income for the year attributable to non-controlling interests			
– from continuing operations		**(184)**	107
– from discontinued operation		**–**	(272)
		(184)	(165)
		(75,830)	(336,860)

		2017	2016 (Restated)
Loss per share			
From continuing and discontinued operations			
Basic and diluted (HK cents)	*16*	**(4.80)**	(44.66)
From continuing operations			
Basic and diluted (HK cents)	*16*	**(4.80)**	(43.14)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	17	**14,170**	18,771
Investment properties	18	**26,846**	–
Goodwill	19	**1,310**	6,186
Intangible asset	20	**4,264**	4,456
Interests in associates	21	**49,461**	55,274
Interests in joint ventures	22	**24,842**	–
Amount due from an associate	21	**7,266**	–
Available-for-sale investments	23	**1,000**	1,000
Rental deposits	26	**223**	240
Deposits paid for acquisition of property, plant and equipment	26	**1,960**	10
Deferred tax assets	31	**29**	29
Loan receivables	25	**31,146**	73,565
		162,517	159,531
Current assets			
Inventories	24	**234**	367
Loan and interest receivables	25	**155,033**	82,310
Trade receivables	26	**12,642**	9,838
Loan to an associate	21	**3,000**	3,085
Amounts due from associates	21	**1,302**	20
Amounts due from joint ventures	22	**9,704**	–
Prepayments, deposits and other receivables	26	**12,767**	49,912
Income tax recoverable		**110**	232
Financial assets at fair value through profit or loss	27	**80,299**	92,892
Pledged bank deposits	28	**–**	2,017
Bank balances and cash	28	**37,127**	14,269
		312,218	254,942
Assets classified as held for sale	13	**–**	5,469
		312,218	260,411
Current liabilities			
Trade payables	29	**5,412**	4,231
Other payables, accruals and deposits received	29	**10,112**	18,279
Income tax payable		**25**	–
Borrowings	30	**15,660**	3,564
		31,209	26,074
Liabilities associated with assets classified as held for sale	13	**–**	1,574
		31,209	27,648
Net current assets		**281,009**	232,763
Total assets less current liabilities		**443,526**	392,294

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Promissory note	30	–	77,076
Deferred tax liabilities	31	–	138
		–	77,214
		443,526	315,080
Capital and reserves			
Share capital	32	**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

The consolidated financial statements on pages 50 to 152 were approved and authorised for issue by the board of directors on 26 March 2018 and are signed on its behalf by:

WONG HOI YU
Director

YU KA HO
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Capital reserve HK$'000 (Note (i))	Other reserve HK$'000 (Note (ii))	Foreign currency translation reserve HK$'000	Accumulated loss HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
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 year	–	–	–	–	–	–	(79,417)	(79,417)	(184)	(79,601)
Other comprehensive income for the year										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	12	–	12	–	12
Share of foreign currency translation reserve of an associate	–	–	–	–	–	3,759	–	3,759	–	3,759
Total comprehensive income (expenses) for the year	–	–	–	–	–	3,771	(79,417)	(75,646)	(184)	(75,830)
Recognition of equity-settled share based payments *(Note 33)*	–	–	10,362	–	–	–	–	10,362	–	10,362
Issue of new shares *(Note 32)*	11,181	146,007	–	–	–	–	–	157,188	–	157,188
Transaction costs attribute to the issue of new shares *(Note 32)*	–	(1,882)	–	–	–	–	–	(1,882)	–	(1,882)
Issue of shares upon exercise of share options *(Note 32)*	1,902	48,561	(11,860)	–	–	–	–	38,603	–	38,603
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	5	5
At 31 December 2017	21,071	613,622	–	106	(182)	(6,989)	(185,543)	442,085	1,441	443,526

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2017

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Capital reserve HK$'000 (Note (i))	Other reserve HK$'000 (Note (ii))	Foreign currency translation reserve HK$'000	Retained earnings (Accumulated loss) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2016	6,528	397,701	–	106	(1,154)	(6,330)	227,111	623,962	2,437	626,399
Loss for the year	–	–	–	–	–	–	(332,265)	(332,265)	(165)	(332,430)
Other comprehensive expenses for the year										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(31)	–	(31)	–	(31)
Share of foreign currency translation reserve of an associate	–	–	–	–	–	(4,399)	–	(4,399)	–	(4,399)
Total comprehensive expenses for the year	–	–	–	–	–	(4,430)	(332,265)	(336,695)	(165)	(336,860)
Recognition of equity-settled share based payments *(Note 33)*	–	–	2,880	–	–	–	–	2,880	–	2,880
Issue of new shares *(Note 32)*	1,306	18,670	–	–	–	–	–	19,976	–	19,976
Transaction costs attribute to the issue of new shares *(Note 32)*	–	(349)	–	–	–	–	–	(349)	–	(349)
Issue of shares upon exercise of share options *(Note 32)*	154	4,914	(1,382)	–	–	–	–	3,686	–	3,686
Disposal of subsidiaries	–	–	–	–	972	–	(972)	–	(652)	(652)
At 31 December 2016	7,988	420,936	1,498	106	(182)	(10,760)	(106,126)	313,460	1,620	315,080

Notes:

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Loss before tax from continuing operations	**(79,470)**	(360,698)
Loss before tax from discontinued operation	**–**	(10,973)
Loss before tax	**(79,470)**	(371,671)
Adjustments for:		
Loss on disposal of financial assets at fair value through profit or loss, net	**41,844**	255,595
(Gain) loss on fair value of financial assets at fair value through profit or loss, net	**(14,261)**	35,269
Depreciation	**5,306**	11,471
Amortisation	**192**	180
Loss on fair value of contingent consideration payable	**–**	1,220
Share of loss of associates	**9,572**	38,154
Share of profit of joint ventures	**(1,798)**	–
Impairment loss on goodwill	**4,876**	–
Share option expenses	**10,362**	2,880
Finance costs	**1,762**	4,844
Gain on disposal of a subsidiary	**(6,437)**	–
Gain on disposal of property, plant and equipment	**(118)**	(73)
Write-off of property, plant and equipment	**–**	2,731
Provision for impairment on loan and interest receivables	**4,172**	–
Impairment loss on available-for-sale investments	**3,007**	–
Interest income from loan to an associate	**(180)**	(195)
Bank interest income	**(8)**	(15)
Operating cash flows before movements in working capital	**(21,179)**	(19,610)
Decrease (increase) in inventories	**133**	(1,636)
Increase in trade receivables	**(2,804)**	(2,294)
Increase in loan and interest receivables	**(34,476)**	(26,188)
Increase in prepayments, deposits and other receivables	**(9,987)**	(1,672)
Increase (decrease) in trade payables	**1,181**	(5,110)
(Decrease) increase in other payables, accruals and deposits received	**(71)**	2,368
(Increase) decrease in financial assets at fair value through profit or loss	**(14,990)**	7,764
Cash used in operations	**(82,193)**	(46,378)
Interest paid	**(240)**	(653)
Hong Kong Profits Tax paid	**(122)**	(26)
NET CASH USED IN OPERATING ACTIVITIES	**(82,555)**	(47,057)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2017

	NOTES	2017 HK$'000	2016 HK$'000
INVESTING ACTIVITIES			
Acquisition of available-for-sale investments		(3,007)	–
Settlement of consideration receivables	26	48,175	–
Net cash inflow on disposal of subsidiaries	38	4,502	6,328
Purchases of property, plant and equipment		(4,436)	(9,417)
Purchases of investment properties		(27,156)	–
Deposit paid for acquisition of property, plant and equipment		(1,960)	(2,075)
Deposit paid for acquisition of a subsidiary		(1,000)	–
Repayment from an associate		265	78
Advance to associates		(8,548)	–
Advance to joint ventures		(9,704)	–
Capital contributions to joint ventures		(3,044)	–
Bank interest received		8	4
Proceeds from disposal of property, plant and equipment		1,969	127
Withdrawal of pledged bank deposits		2,017	–
NET CASH USED IN INVESTING ACTIVITIES		(1,919)	(4,955)
FINANCING ACTIVITIES			
New borrowings raised		10,000	17,321
Repayment of borrowings		(3,401)	(47,941)
Repayment of promissory notes, including interest		(98,494)	(23,000)
Capital contribution from non-controlling interests		5	–
Proceeds from issue of shares		157,188	19,976
Exercise of share options		38,603	3,686
Expenses on issue of shares		(1,882)	(349)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		102,019	(30,307)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		17,545	(82,319)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		13,807	96,157
Effect of foreign exchange rate changes		12	(31)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		31,364	13,807
Analysis of cash and cash equivalents at the end of the year			
Bank balances and cash		37,127	14,269
Bank overdrafts *(Note 30)*		(5,763)	(486)
Bank balances and cash included in assets classified as held for sale *(Note 13)*		–	24
		31,364	13,807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION

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

The Company's principal activity during the year was investment holding. The principal activities of its principal subsidiaries are set out in Note 41.

The Company and its subsidiaries (collectively referred to as the "Group") discontinued its Chinese restaurant operation during the year ended 31 December 2016 following the completion of the disposal of GR Holdings Limited ("GR Holdings") and its subsidiaries (collectively referred to as "Disposal Group") on 1 August 2016 of which details were disclosed in Notes 12 and 38.

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

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

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 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.

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

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. 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, the directors of the Company (the "Director(s)") 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.

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

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

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

HKFRS 9 (2014) Financial Instruments

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

Key requirements of HKFRS 9 (2014) that may affect the Group are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

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

HKFRS 9 (2014) Financial Instruments (Continued)

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

The Directors have performed a preliminary analysis of the Group's financial instruments as at 31 December 2017 based on the fact and circumstances existing at that date. The Directors have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

For the available-for-sale equity investments that are not held for trading and are currently stated at cost less impairment, the Group has made an irrevocable election to present in other comprehensive income the changes in fair value.

(b) Impairment

The Directors expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its available-for-sale investments, loan and interest receivables and trade receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for available-for-sale investments, loan and interest receivables and trade receivables and increase the amount of impairment allowance recognised for these items.

The Directors will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the Directors expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

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

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

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

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

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 11 Construction Contracts, HKAS 18 Revenue and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major sources of revenue of the Group are sales of goods, provision of services, interest income and dividend income. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The Directors have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the Directors expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 December 2017.

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

HKFRS 16 Leases

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

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

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

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

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

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

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

As at 31 December 2017, the Group has non-cancellable operating lease commitments of approximately HK$3,063,000 as disclosed in Note 34. The operating leases with original lease terms of over one year in which the Group will recognise right-of-use assets and corresponding lease liabilities unless they are exempt from the reporting obligations under HKFRS 16. The Directors expect that, apart from the changes in the measurement, presentation and disclosure as indicated above, the adoption of HKFRS 16 will not have other material impact on amounts in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

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

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

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

The principal accounting policies are set out below:

Basis of consolidation

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

Control is achieved where the Group has (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable HKFRSs).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

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

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

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

Investments in associates and joint ventures

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale

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

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

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

Revenue recognition

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

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

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

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

Share options granted to other eligible persons

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

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

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

Intangible asset acquired separately

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

Leasing

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

The Group as lessor

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee

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

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

Leasehold land and building

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

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

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

Investment properties

Investment properties are properties held to earn rentals and / or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

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

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

Taxation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Inventories

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

Cash and cash equivalents

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Financial instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified as financial assets at FVTPL, loans and receivables and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchase or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Financial assets at FVTPL

A financial asset is classified as held for trading if:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

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

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

Available-for-sale investments

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

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

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

Impairment loss of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss of financial assets (Continued)

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss of financial assets (Continued)

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

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

Financial liabilities and equity instruments

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

The Group's financial liabilities are classified into either financial liabilities at FVTPL or other financial liabilities.

Equity instruments

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

Financial liabilities at FVTPL

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

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net loss is included in the loss on fair value of contingent consideration payable line item in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis other than those financial liabilities classified as FVPTL.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

Borrowing costs

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

(a) Defined contribution retirement benefit plans

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

(b) Employee entitlements

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

(c) Long service payment

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

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

Provisions

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

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

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

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

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

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT

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

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

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

Critical judgement

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

Income taxes

As at 31 December 2017, a deferred tax liability of approximately HK$5,334,000 (2016: HK$813,000) in relation to unrealised gain on financial assets at FVTPL has been recognised in the Group's consolidated statement of financial position. Judgement is required in determining the tax outcome on realisation of such investments. The Group intends to hold the financial assets at FVTPL for trading purpose and accordingly had determined the tax effect of the unrealised fair value gain on the basis of selling the assets in the foreseeable future. However, the actual outcome will be dependent on the timing of realisation of the assets at which time the cumulative gain may be non-taxable.

Key sources of estimation uncertainty

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

Useful lives and impairment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Property, plant and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets or the fair value less costs to disposal. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2017, the carrying amount of property, plant and equipment was approximately HK$14,170,000 (2016: HK$18,771,000) net of nil (2016: Nil) accumulated impairment loss.

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

Key sources of estimation uncertainty (Continued)

Impairment of goodwill and intangible asset

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

As at 31 December 2017, the carrying amount of goodwill and intangible asset are approximately HK$1,310,000 (2016: HK$6,186,000) and HK$4,264,000 (2016: HK$4,456,000) respectively. An impairment loss on goodwill and intangible asset of approximately HK$4,876,000 (2016: Nil) and nil (2016: Nil) respectively has been recognised during the year ended 31 December 2017.

Impairment of interests in associates

During the year ended 31 December 2017, a material associate had incurred loss in operations due to the fierce competition in dessert industry in the People's Republic of China (the "PRC"). The management of the Group ("Management") performed an impairment test using a value-in-use model to estimate the recoverable amount of the investment. The value-in-use calculation requires the Directors to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2017, the carrying amount of interests in associates is approximately HK$49,461,000 (2016: HK$55,274,000). An impairment loss on intangible asset was recognised by the associate and the Group's share of approximately HK$3,741,000 (2016: HK$29,804,000) of such loss which was included in the share of loss of associates for the year ended 31 December 2017. Details are disclosed in Note 21.

Impairment of interests in joint ventures

During the year ended 31 December 2017, the Group invested in a joint venture which indirectly held certain interests in investment properties in Hong Kong. The Management performed an impairment test using valuation model to estimate the recoverable amount of the investment. The estimation was based on certain assumptions which are subject to uncertainty and might differ from the actual result. The Management considered that no impairment loss should be provided on abovementioned interest in a joint venture.

As at 31 December 2017, the carrying amount of interests in joint ventures is HK$24,842,000 (2016: Nil). No impairment loss has been recognised during the year ended 31 December 2017. Details are disclosed in Note 22.

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

Key sources of estimation uncertainty (Continued)

Impairment of available-for-sale investments

During the year ended 31 December 2017, the Group has further invested in certain available-for-sale investments which had incurred loss in operations and closure of business subsequent to the year ended 31 December 2017 due to the fierce competition in catering service industry in Hong Kong. The Management considered that the impairment loss should be provided on the abovementioned available-for-sale investments.

As at 31 December 2017, the carrying amount of available-for-sale investments is HK$1,000,000 (2016: HK$1,000,000). An impairment loss of approximately HK$3,007,000 (2016: Nil) has been recognised during the year ended 31 December 2017. Details are disclosed in Note 23.

Impairment of loan and interest receivables, trade receivables, deposits and other receivables, loan to and amounts due from associates and amounts due from joint ventures

When there is objective evidence of impairment loss of loan and interest receivables, trade receivables, deposits and other receivables, loan to and amounts due from associates and amounts due from joint ventures, the Group takes into consideration the estimation of future cash flows of respective loan and interest receivables, trade receivables, deposits and other receivables, loan to and amounts due from associates and amounts due from joint ventures. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2017, the carrying amounts of the Group's loan and interest receivables, trade receivables, deposits and other receivables, loan to and amounts due from associates and amounts due from joint ventures were approximately HK$186,179,000 (2016: HK$155,875,000), HK$12,642,000 (2016: HK$9,838,000), HK$12,500,000 (2016: HK$1,457,000), HK$3,000,000 (2016: HK$3,085,000), HK$8,568,000 (2016: HK$20,000) and HK$9,704,000 (2016: Nil) respectively. An impairment loss of approximately HK$4,172,000 (2016: Nil) on loans and interest receivables has been recognised during the year ended 31 December 2017.

Income taxes

As at 31 December 2017, deferred tax asset of approximately HK$5,557,000 (2016: HK$878,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the remaining tax losses and deductible temporary difference of approximately HK$130,055,000 (2016: HK$74,714,000) due to unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal take places.

5. CAPITAL RISK MANAGEMENT

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

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

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

As at 31 December 2017, gearing ratio is not applicable to the Group as the Group's bank balances and cash are more than its borrowings.

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

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

Notes:

(i) Debt is defined as promissory note and borrowings, as detailed in Note 30.

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

6. FINANCIAL RISK MANAGEMENT

6a. Categories of financial instruments

	2017	2016
	HK$'000	*HK$'000*
Financial assets		
Available-for-sale investments	**1,000**	1,000
Loans and receivables (including bank balances and cash)	**269,720**	234,976
Financial assets at FVTPL – held for trading	**80,299**	92,892
	351,019	328,868
Financial liabilities		
Other financial liabilities at amortised cost	**31,049**	97,107

6b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, loan and interest receivables, trade receivables, loan to and amounts due from associates, amounts due from joint ventures, deposits and other receivables, financial assets at FVTPL, pledged bank deposits, bank balances and cash, trade payables, other payables and accruals, borrowings and promissory note. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL RISK MANAGEMENT (Continued)

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

Market risk

Interest rate risk

As at 31 December 2017 and 2016, the Group is exposed to fair value interest rate risk in relation to loan receivables, loan to an associate and unsecured other borrowings which carried at fixed rates.

As at 31 December 2017 and 2016, the Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits, bank balances, promissory note and borrowings, and details of which are disclosed in Notes 28 and 30 respectively. It is the Group's policy to keep them at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR"), Hong Kong Prime Rate ("Prime Rate") and the best lending rate of respective banks arising from the Group's secured bank borrowings and promissory note respectively.

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate secured bank borrowings and promissory note at the end of the reporting period. The analysis is prepared assuming these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2016: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

An increase / decrease of 100 basis points (2016: 100 basis points) in interest rates, with all other variables were held constant, would increase / decrease the Group's loss before tax for the year by approximately HK$157,000 (2016: HK$792,000).

6. FINANCIAL RISK MANAGEMENT (Continued)

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

Market risk (Continued)

Other price risk

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

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is 5% (2016: 5%). If the prices of the financial assets at FVTPL has been 5% (2016: 5%) higher / lower, would decrease / increase the Group's loss before tax for the year ended 31 December 2017 by approximately HK$4,015,000 (2016: HK$4,645,000) as a result of the fair value changes of financial asset at FVTPL.

Credit risk

As at 31 December 2017 and 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk of trade and other receivables, the Management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The team monitors customers' repayment ability, request the customers to provide collaterals and reviews the fair value of the collaterals. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

6. FINANCIAL RISK MANAGEMENT (Continued)

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

Credit risk (Continued)

The Group has concentration of credit risk as 54% (2016: 58%) and 96% (2016: 99%) of the total trade receivables was due from the largest counterparty and the three (2016: three) largest counterparties within food products operation segment, respectively. As at 31 December 2017, the Group also has concentration of credit risk as 30% (2016: 36%) and 60% (2016: 77%) of the total loan and interest receivables was due from the largest counterparty and the four (2016: four) largest counterparties within money lending segment.

The Group's concentration of credit risk by geographical locations is in Hong Kong which accounted for 100% of the total trade receivables and loan and interest receivables as at 31 December 2017 and 2016.

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

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

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

6. FINANCIAL RISK MANAGEMENT (Continued)

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

Liquidity risk

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

As at 31 December 2017 and 2016, the Group had not breached any of the covenant clauses of its obligations under borrowings *(Note 30)*.

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

	At 31 December 2017			
	Within one year or on demand *HK$'000*	1-5 years *HK$'000*	Total undiscounted cash flow *HK$'000*	Carrying amount *HK$'000*
Non-derivative financial liabilities				
Trade payables	5,412	–	5,412	5,412
Other payables and accruals	9,977	–	9,977	9,977
Borrowings *(Note i)*	15,660	–	15,660	15,660
	31,049	–	31,049	31,049

6. FINANCIAL RISK MANAGEMENT (Continued)

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

Liquidity risk (Continued)

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

Notes:

(i) As at 31 December 2017, instalment loans with a repayment on demand clause are included in the "within one year or on demand" time band in the above maturity analysis and at 31 December 2017, the aggregate undiscounted principal amount of the instalment loans amounted to approximately HK$9,897,000 (2016: HK$166,000). Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that the instalment loans will be repaid in accordance with the scheduled repayment dates set out in the loans agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$12,157,000 (2016: HK$168,000).

As at 31 December 2017, included in borrowings, approximately HK$5,763,000 (2016: Nil) represented bank overdrafts with an demand clause of which no interest element considered in the calculation of undiscounted cash flow.

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

6. FINANCIAL RISK MANAGEMENT (Continued)

6c. Fair value measurements

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

	Fair value hierarchy	Valuation techniques and key inputs	Fair value as at 31 December 2017 HK$'000	2016 HK$'000
Financial assets				
Equity securities listed in Hong Kong classified as financial assets at FVTPL	Level 1	Quoted bid prices in an active market	**77,935**	66,322
Fund listed in Hong Kong classified as financial assets at FVTPL	Level 1	Quoted bid prices in an active market	**2,364**	–
Unlisted funds classified as financial assets at FVTPL	Level 1	Quotes from investment banks	**–**	26,570
			80,299	92,892

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

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

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

7. SEGMENT INFORMATION

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

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

(i) Catering services – The operation of a chain of 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, which was described in more detail in Notes 12 and 38.

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 FVTPL and the provision of money lending business.

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

7. SEGMENT INFORMATION (Continued)

Continuing operations

For the year ended 31 December

	Catering services		Food products operation		Investments		Money lending		Unallocated		Elimination		Consolidated	
	2017	2016	**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*	***HK$'000***	*HK$'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 described in Note 3. 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.

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

As at 31 December

	Catering services		Food products operation		Investments		Money lending		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											**474,735**	419,942
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											**31,209**	104,862

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.

7. SEGMENT INFORMATION (Continued)

Geographical information

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

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

Continuing operations

	Revenue from external customers For the year ended 31 December		Non-current assets *(Note)* As at 31 December	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	***HK$'000***	HK$'000
Hong Kong (country of domicile)	**111,148**	100,781	**69,128**	24,967
Singapore	**–**	–	**4,264**	4,456
PRC	**–**	–	**49,461**	55,274
	111,148	100,781	**122,853**	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 during the years ended 31 December 2017 and 2016.

7. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2017

Continuing operations

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

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2016

Continuing operations

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

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

8. OTHER INCOME

Continuing operations

	2017 *HK$'000*	2016 *HK$'000*
Bank interest income	**8**	9
Interest income from loan to an associate	**180**	195
Management fee income	**283**	140
Consultancy fee income	**101**	101
Rental income *(Note)*	**349**	–
Sundry income	**113**	127
	1,034	572

Note: No direct operating expenses incurred for investment properties that generated rental income during the year.

9. LOSS BEFORE TAX

Continuing operations

	2017 *HK$'000*	2016 *HK$'000*
Loss before tax has been arrived at after (crediting) charging:		
Dividend income, included in revenue	**(502)**	(2,711)
Other (gains) losses, net		
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**	–
	5,500	–
Employee benefits expenses (including Directors' and chief executive's emoluments)		
Salaries, wages and other benefits	**34,480**	31,048
Contributions to retirement benefits schemes – defined contribution plan	**1,321**	1,223
	35,801	32,271
Share option expenses	**3,108**	864
	38,909	33,135
Auditor's remuneration	**998**	1,200
Operating lease rentals in respect of rented premises	**2,974**	4,617

10. FINANCE COSTS

Continuing operations

	2017 *HK$'000*	2016 *HK$'000*
Interests on borrowings	**240**	653
Interests on promissory note *(Note 30)*	**1,522**	4,076
	1,762	4,729

11. INCOME TAX EXPENSES (CREDIT)

Continuing operations

	2017	2016
	HK$'000	*HK$'000*
Current income tax – Hong Kong:		
Current year provision	**46**	153
Under (over) provision in prior years	**223**	(194)
	269	(41)
Deferred income tax *(Note 31)*	**(138)**	(39,843)
	131	(39,884)

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.

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

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Loss before tax	**(79,470)**	(360,698)
Tax at the domestic income tax rate of 16.5% (2016: 16.5%)	**(13,113)**	(59,515)
Tax effect of income not taxable for tax purpose	**(1,264)**	(624)
Tax effect of expenses not deductible for tax purpose	**3,870**	3,358
Tax effect of deductible temporary differences not recognised	**477**	5,390
Tax effect of share of results of associates and joint ventures	**1,283**	6,295
Tax effect of tax losses not recognised	**8,655**	5,406
Under (over) provision in prior years	**223**	(194)
Income tax expenses (credit) for the year	**131**	(39,884)

Details of deferred tax are set out in Note 31.

12. DISCONTINUED OPERATION

Pursuant to a sale and purchase agreement entered into on 10 March 2016 (the "Sales and Purchase Agreement"), the Company agreed to dispose of its entire issued share capital of GR Holdings, one of its subsidiaries, and all the liabilities, obligations and indebtedness due by the Disposal Group to the remaining group (the "Sale Loan") to Mr. Wong Kwan Mo and Ms. Lau Lan Ying (collectively referred to as the "Former Directors") who were the former executive directors and the substantial shareholders of the Company as at 31 December 2016, which constituted a very substantial transaction of the Company. The Disposal Group carried out all of the Group's Chinese restaurant operation in Hong Kong. In the opinion of the Directors, as the operating and economic environment for restaurant industry was deteriorating, the catering services of the Disposal Group was challenged by high food costs, high rent and high labour costs for recruiting and retaining employees, the Group therefore disposed of the Disposal Group during the year ended 31 December 2016. The consideration was same as the net asset value of the Disposal Group and the Sale Loan at the completion date, i.e. 1 August 2016 and was settled by cash. Details of the disposal are set out in Note 38.

Following the completion of the disposal of the Disposal Group, the Group discontinued all its Chinese restaurant operation in Hong Kong. The loss for the year ended 31 December 2016 from the discontinued operation was set out below.

	2016 *HK$'000*
Loss of the discontinued operation for the year	11,616

12. DISCONTINUED OPERATION (Continued)

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

	For the period ended 1 August 2016 *HK$'000*
Revenue	185,287
Other income	435
Cost of inventories consumed	(52,549)
Employee benefits expenses	(71,008)
Depreciation	(7,998)
Operating lease rentals and related expenses	(28,613)
Utilities expenses	(14,202)
Other losses, net	(2,658)
Loss on disposal of financial assets at fair value through profit or loss	(12)
Loss on fair value of financial assets at fair value through profit or loss, net	(2,653)
Other operating expenses	(16,887)
Finance costs	(115)
Loss before tax	(10,973)
Income tax expenses	(643)
Loss for the period	(11,616)

12. DISCONTINUED OPERATION (Continued)

Income tax expenses from the discontinued operation included the following:

	For the period ended 1 August 2016 *HK$'000*
Current income tax – Hong Kong:	
Current year provision	996
Deferred income tax	(353)
	643

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

	For the period ended 1 August 2016 *HK$'000*
Bank interest income	(6)
Other losses, net:	
Written-off of property, plant and equipment	2,731
Gain on disposal of property, plant and equipment	(73)
	2,658
Employee benefits expenses	
Salaries, wages and other benefits	65,398
Contributions to retirement benefits schemes – defined contribution plan	5,610
	71,008
Kitchen consumables (included in other operating expenses)	1,545
Cleaning expenses (included in other operating expenses)	1,959
Operating lease rentals in respect of rented premises	23,195

12. DISCONTINUED OPERATION (Continued)

During the year ended 31 December 2016, the Disposal Group paid approximately HK$8,772,000 to the Group's net operating cash flows, paid approximately HK$4,742,000 in respect of investing activities and paid approximately HK$59,936,000 in respect of financing activities. The carrying amounts of the assets and liabilities of the Disposal Group at the date of disposal are disclosed in Note 38.

13. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

The disposal of the subsidiary was completed during the year ended 31 December 2017 and gain on disposal of a subsidiary of approximately HK$6,437,000 was resulted. Details of the disposal were disclosed in Note 38.

The major classes of assets and liabilities of the subsidiary classified as held for sale as at 31 December 2016 were as follows:

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

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

(a) The emoluments paid or payable to the Directors and the chief executive ("Chief Executive") of the Company were as follows:

	Year ended 31 December 2017			
	Fees *HK$'000*	Salaries, other benefits *HK$'000*	Contributions to retirement benefits scheme – defined contribution plan *HK$'000*	Total *HK$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings				
Executive directors:				
Mr. Yu Ka Ho	–	1,118	18	1,136
Mr. Wong Hoi Yu	–	130	7	137
Independent non-executive directors:				
Mr. Kwan Wai Yin, William	60	–	–	60
Mr. Li Fu Yeung *(Note (g))*	60	–	–	60
Mr. Tam Lok Hang	60	–	–	60
	180	1,248	25	1,453

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

(a) The emoluments paid or payable to the Directors and the Chief Executive were as follows: (Continued)

	Year ended 31 December 2016				
	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Contributions to retirement benefits scheme – defined contribution plan *HK$'000*	Share option expenses *HK$'000*	Total *HK$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings					
Executive directors:					
Mr. Wong Kwan Mo *(Note (a))*	–	–	–	–	–
Ms. Lau Lan Ying *(Note (b))*	–	–	–	–	–
Mr. Yu Ka Ho *(Note (c))*	–	1,118	18	29	1,165
Mr. Wong Hoi Yu *(Note (d))*	–	98	3	–	101
Independent non-executive directors:					
Mr. Kwan Wai Yin, William	60	–	–	–	60
Mr. Li Fu Yeung	60	–	–	–	60
Mr. Tam Lok Hang *(Note (f))*	59	–	–	–	59
Ms. Chiu Man Yee *(Note (e))*	1	–	–	–	1
	180	1,216	21	29	1,446

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

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

Notes:

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

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

(c) Mr. Yu Ka Ho was appointed as the chief executive officer of the Company with effective from 22 November 2016 and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

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

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

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

(g) Mr. Li Fu Yeung resigned on 1 February 2018.

(h) Mr. Chu Sin Bun Jacky was appointed as an independent non-executive director with effect on 1 February 2018.

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

(b) Employees' emoluments

The five individuals with the highest emoluments in the Group included one director (2016: one), details of whose emoluments are set out in Note 14(a) above. Details of the emoluments of the remaining four (2016: four) highest paid individuals were as follows:

	2017 *HK$'000*	2016 *HK$'000*
Salaries and other benefits	**3,093**	3,124
Contributions to retirement benefits scheme – defined contribution plan	**66**	72
Share option expenses	**1,140**	317
	4,299	3,513

Their emoluments were within the following bands:

	Number of individuals	
	2017	2016
Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$3,000,000	**1**	–
	4	4

During the years ended 31 December 2017 and 2016, no emoluments were paid by the Group to the five highest paid individuals, Directors or the Chief Executive as an inducement to join or upon joining the Group or as compensation for loss of office. During the year ended 31 December 2017, the Director, Mr. Wong Hoi Yu waived his salaries of HK$130,000 (2016: Nil). Except for Mr. Wong Hoi Yu, no other Directors and the Chief Executive and the five highest paid individuals waived or agreed to waive any emoluments paid by the Group.

The remuneration of Directors and the Chief Executive is determined by the remuneration committee having regard to the performance of individual and market trends.

15. 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).

16. 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	2016
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share, being loss for the year attributable to the owners of the Company	**(79,417)**	(332,265)

	2017	2016
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,652,937,686**	743,918,229

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.

16. LOSS PER SHARE (Continued)

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	2016
	HK$'000	*HK$'000*
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)
Add: loss for the year from discontinued operation	**–**	11,344
Loss for the purpose of basic and diluted loss per share for the year attributable to the owners of the Company from continuing operations	**(79,417)**	(320,921)

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.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building *HK$'000*	Leasehold improvements *HK$'000*	Air-conditioning *HK$'000*	Equipment and kitchen utensils *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST							
At 1 January 2016	6,100	67,037	15,689	37,198	15,096	14,928	156,048
Additions	–	10,864	37	2,132	299	751	14,083
Disposal of subsidiaries *(Note 38)*	–	(61,785)	(14,846)	(32,207)	(13,796)	(3,946)	(126,580)
Reclassified as assets held for sale *(Note 13)*	(6,100)	–	–	–	–	–	(6,100)
Written-offs / disposals	–	(5,570)	(869)	(4,724)	(1,314)	(311)	(12,788)
At 31 December 2016 and 1 January 2017	–	10,546	11	2,399	285	11,422	24,663
Additions	–	234	–	272	–	1,740	2,246
Written-offs / disposals	–	–	–	–	–	(2,139)	(2,139)
At 31 December 2017	–	10,780	11	2,671	285	11,023	24,770
ACCUMULATED DEPRECIATION							
At 1 January 2016	536	56,635	13,481	29,755	13,137	3,117	116,661
Provided for the year	153	4,698	736	2,405	742	2,737	11,471
Disposal of subsidiaries *(Note 38)*	–	(55,370)	(13,458)	(27,924)	(12,895)	(1,901)	(111,548)
Reclassified as assets held for sale *(Note 13)*	(689)	–	–	–	–	–	(689)
Eliminated on written-offs / disposals	–	(4,463)	(752)	(3,557)	(974)	(257)	(10,003)
At 31 December 2016 and 1 January 2017	–	1,500	7	679	10	3,696	5,892
Provided for the year	–	2,208	2	446	57	2,283	4,996
Eliminated on written-offs / disposals	–	–	–	–	–	(288)	(288)
At 31 December 2017	–	3,708	9	1,125	67	5,691	10,600
CARRYING VALUES							
At 31 December 2017	–	7,072	2	1,546	218	5,332	14,170
At 31 December 2016	–	9,046	4	1,720	275	7,726	18,771

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Leasehold land and building	2.5% or unexpired term of lease, if shorter
Leasehold improvements	20% or over the lease term, whichever is shorter
Air-conditioning	20% or over the lease term, whichever is shorter
Equipment and kitchen utensils	20%
Furniture and fixtures	20%
Motor vehicles	20%

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

Before the disposal of the Chinese restaurant operations during the year ended 31 December 2016, the Group ceased to operate one of the Chinese restaurants due to continuous loss-making, therefore, the Directors conducted a review of the Group's property, plant and equipment and determined that a number of those assets were written-off. Accordingly, written-off of property, plant and equipment with carrying values of approximately HK$1,107,000, HK$117,000, HK$1,167,000 and HK$340,000 respectively were recognised in respect of leasehold improvements, air-conditioning, equipment and kitchen utensils and furniture and fixtures respectively for the year ended 31 December 2016.

18. INVESTMENT PROPERTIES

	2017 ***HK$'000***
COST	
At 1 January 2017	**–**
Additions	**27,156**
At 31 December 2017	**27,156**
ACCUMULATED DEPRECIATION	
At 1 January 2017	**–**
Provided for the year	**310**
At 31 December 2017	**310**
CARRYING VALUE	
At 31 December 2017	**26,846**

18. INVESTMENT PROPERTIES (Continued)

The investment properties are depreciated on a straight-line basis at 2.5% or unexpired term of lease, if shorter, per annum.

The fair value of the Group's investment properties as at 31 December 2017 was approximately HK$35,356,000. The valuation performed by the Directors was arrived at by reference to recent market prices of similar properties in the similar locations and conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfers between levels of fair value hierarchy during the year.

The following table gives information about how the fair values of the investment properties as at 31 December 2017:

	Fair value hierarchy	Fair value as at 31 December 2017	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
Investment property A	Level 2	HK$21,208,000	Market Comparison approach – by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available	N/A	N/A	N/A
Investment property B	Level 2	HK$14,148,000	Market Comparison approach – by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available	N/A	N/A	N/A

All of the Group's investment properties have been pledged to secure banking facilities granted to the Group.

19. GOODWILL

	HK$'000
COST	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	6,186
IMPAIRMENT	
At 1 January 2016, 31 December 2016 and 1 January 2017	–
Impairment loss recognised during the year	4,876
At 31 December 2017	4,876
CARRYING VALUE	
At 31 December 2017	1,310
At 31 December 2016	6,186

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

The basis of the recoverable amount of the above CGU and the major underlying assumptions are summarised below:

The recoverable amount of this CGU has been determined based on a value-in-use calculation with reference to a valuation performed by an independent professional qualified valuer (the "Valuer") not connected to the Group. The calculation uses cash flow projections based on financial budgets approved by Management covering a 5-year period and a pre-tax discount rate of 18.21% (2016: 16.8%). Cash flows beyond the 5-year period has been extrapolated using a steady 3.0% (2016: 3.0%) growth rate. This growth rate is based on relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows / outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and Management's expectations for the market development. As a result, an impairment loss of approximately HK$4,876,000 (2016: Nil) has been recognised during the year ended 31 December 2017.

20. INTANGIBLE ASSET

	Exclusive rights *HK$'000*
COST	
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	4,648
ACCUMULATED AMORTISATION	
At 1 January 2016	12
Provided for the year	180
At 31 December 2016 and 1 January 2017	192
Provided for the year	192
At 31 December 2017	384
CARRYING VALUE	
At 31 December 2017	4,264
At 31 December 2016	4,456

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

The exclusive rights were purchased through an acquisition of a subsidiary in 2015 and have finite useful lives and is amortised on a straight-line basis over the contract term for use of trademark of 25 years.

21. INTERESTS IN ASSOCIATES / LOAN TO / AMOUNTS DUE FROM ASSOCIATES

	2017 *HK$'000*	2016 *HK$'000*
Cost of unlisted investments in associates	**92,654**	92,654
Share of post-acquisition losses and other comprehensive expenses *(Note (a))*	**(43,011)**	(37,198)
Share of other reserve *(Note (b))*	**(182)**	(182)
	49,461	55,274

21. INTERESTS IN ASSOCIATES / LOAN TO / AMOUNTS DUE FROM ASSOCIATES (Continued)

Notes:

(a) For the year ended 31 December 2017, Lucky Dessert (China) Holdings Limited and its subsidiaries (the "Lucky Dessert Group") had recurring loss in operations due to the fierce competition in dessert industry in the PRC. The Management reviewed the interests in associates for impairment and determined that the intangible asset as held by the Lucky Dessert Group was impaired based on a valuation prepared by the Valuer. The fair value of the intangible asset was determined using the value-in-use model based on financial budgets prepared by the Management. The unobservable inputs included revenue growth rate of 2.6% (2016: 3%) per annum; and pre-tax discount rate of 22.00% (2016: 20.59%) per annum. As a result, an impairment loss on intangible asset of approximately HK$3,741,000 (2016: HK$29,804,000) was recognised by the Lucky Dessert Group and the Group's share of such impairment has been included in the share of loss of associates for the year ended 31 December 2017.

(b) Amount represented transactions between the associates and non-controlling interests of their subsidiaries.

The loan to an associate is unsecured, bearing interest of 1% plus the best lending rate of Hong Kong and Shanghai Banking Corporation ("HSBC") fixed as at the date of drawn down (i.e. 6% per annum) and repayable on 29 April 2018 (2016: 29 April 2017).

The amounts due from associates under current assets are unsecured, interest-free and repayable on demand.

The amount due from an associate under non-current assets is unsecured, interest-free and expected to be recovered in more than twelve months from the end of the reporting period.

As at 31 December 2017 and 2016, the Group had interests in the following material associates:

Name of entity	Form of entity	Country of incorporation / registration	Place / Principal place of operation	Issued and paid up / registered capital	Proportion of ownership interests or participating shares held by the Group		Proportion of voting power held		Principal activity
					2017	2016	**2017**	2016	
Lucky Dessert (China) Holdings Limited ("Lucky Dessert (China)")	Incorporated	British Virgin Islands (the "BVI")	Hong Kong	United States Dollars ("US$") 100	**49%**	49%	**40%** *(Note)*	40% *(Note)*	Investment holding
Lucky Dessert (China) Limited	Incorporated	Hong Kong	Hong Kong	HK$100	**49%** *(Note)*	49% *(Note)*	**40%** *(Note)*	40% *(Note)*	Investment holding
幸運甜品餐飲管理(深圳)有限公司	Incorporated	The PRC	The PRC	HK$3,050,000	**49%** *(Note)*	49% *(Note)*	**40%** *(Note)*	40% *(Note)*	Trademark holding, catering management and consulting
天津凱沃萊爾餐飲有限公司	Incorporated	The PRC	The PRC	Renminbi ("RMB") 1,000,000	**49%** *(Note)*	49% *(Note)*	**40%** *(Note)*	40% *(Note)*	Restaurant operations

21. INTERESTS IN ASSOCIATES / LOAN TO / AMOUNTS DUE FROM ASSOCIATES (Continued)

Note: These entities are wholly-owned subsidiaries of Lucky Dessert (China). The Group is able to exercise significant influence over Lucky Dessert (China) as it has appointed two out of five directors of Lucky Dessert (China). The Group is able to exercise significant influence over the wholly-owned subsidiaries of Lucky Dessert (China) through its significant influence over Lucky Dessert (China).

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

The summarised financial information in respect of the associates that is material to the Group and are accounted for using the equity method are set out below:

Lucky Dessert Group

	2017 *HK$'000*	2016 *HK$'000*
Current assets	**810**	1,671
Non-current assets	**143,459**	157,027
Current liabilities	**(7,492)**	(6,849)
Non-current liabilities	**(35,836)**	(39,045)
	100,941	112,804

	2017 *HK$'000*	2016 *HK$'000*
Revenue	**2,099**	4,515
Loss for the year	**(19,535)**	(77,865)
Other comprehensive expenses for the year	**7,672**	(8,977)
Total comprehensive expenses for the year	**(11,863)**	(86,842)

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

	2017 *HK$'000*	2016 *HK$'000*
Net assets of the associates	**100,941**	112,804
Proportion of the Group's ownership interests in the associates	**49%**	49%
Carrying amount of the Group's interests in the associates	**49,461**	55,274

21. INTERESTS IN ASSOCIATES / LOAN TO / AMOUNTS DUE FROM ASSOCIATES (Continued)

The financial information and carrying amount, in aggregate, of the Group's interests in associates that are not individually material and are accounted for using the equity method are set out below:

	2017 *HK$'000*
The Group's share of loss *(Note)*	–
The Group's share of post-tax loss *(Note)*	–
The Group's share of other comprehensive expenses *(Note)*	–
The Group's share of total comprehensive expenses *(Note)*	–

	2017 *HK$'000*
Carrying amount of the Group's interests in immaterial associates	–

Note: Amount is less than HK$1,000.

The Group has stopped recognised its share of losses of certain associates when applying the equity method. The unrecognised share of those associates, both for the year and cumulatively, are set out below:

	2017 *HK$'000*
Unrecognised share of losses of associates, both for the year and cumulatively	1,716

No capital commitment and contingent liabilities incurred related to the Group's interests in associates.

22. INTERESTS IN JOINT VENTURES / AMOUNTS DUE FROM JOINT VENTURES

	2017 *HK$'000*
Costs of investments in joint ventures	23,044
Share of post-acquisition profit and other comprehensive income, net	1,798
	24,842

The amounts due from joint ventures are unsecured, interest-free and repayable on demand.

22. INTERESTS IN JOINT VENTURES / AMOUNTS DUE FROM JOINT VENTURES (Continued)

As at 31 December 2017, the Group had interests in the following material joint ventures:

Name of entity	Form of entity	Country of incorporation / registration	Place / Principal place of operation	Issued and paid up / registered capital	Proportion of ownership interests or participating shares held by the Group	Proportion of voting power held	Principal activity
Marvel Miracle International Limited ("Marvel Miracle") *(Note)*	Incorporated	BVI	Hong Kong	US$100	30%	50%	Investment holding

Note: The Group has exercise joint control on Marvel Miracle as it has appointed one director out of two directors of Marvel Miracle. The relevant activities of Marvel Miracle require the unanimous consent of the parties sharing control.

Marvel Miracle holds 50% equity interest in Jumbo Excel Investment Corporation ("Jumbo Excel"). Jumbo Excel holds 100% equity interest in certain companies, principal activities of which are properties investment. Marvel Miracle has significant influence over Jumbo Excel through having appointed one out of three directors of Jumbo Excel, which makes it an associate of Marvel Miracle.

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

The summarised financial information in respect of the joint venture that is material to the Group and are accounted for using the equity method are set out below:

Marvel Miracle

	2017 *HK$'000*
Non-current assets	**82,813**
Current liabilities	**(8)**
	82,805

	2017 *HK$'000*
Included in the amounts disclosed above are:	
Current financial liabilities (excluding trade and other payables and provisions)	**(8)**

22. INTERESTS IN JOINT VENTURES / AMOUNTS DUE FROM JOINT VENTURES (Continued)

Marvel Miracle (Continued)

	2017 *HK$'000*
Revenue	–
Profit for the year	3,040
Other comprehensive income for the year	–
Total comprehensive income for the year	3,040

	2017 *HK$'000*
Included in the amounts disclosed above are:	
Depreciation and amortisation	–
Interest income	–
Interest expense	–
Income tax expense	–

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

	2017 *HK$'000*
Net assets of the joint venture	82,805
Proportion of the Group's ownership interest in the joint venture	30%
Carrying amount of the Group's interest in the joint venture	24,842

Note: On 31 August 2017, a subsidiary of the Group entered into an agreement with an independent third party for the acquisition of 30% equity interest in Marvel Miracle at a consideration of HK$23,000,000. The consideration for the acquisition was satisfied by the payment in cash amounted to HK$3,000,000 and the remaining balance of HK$20,000,000 by promissory note issued by the Company *(Note 30)*. Gain on acquisition of joint venture of approximately HK$930,000 was recognised in profit or loss and included in share of result of joint ventures. Immaterial acquisition related cost have been recognised as other operating expenses for the year ended 31 December 2017. The transaction was completed on 31 October 2017.

22. INTERESTS IN JOINT VENTURES / AMOUNTS DUE FROM JOINT VENTURES (Continued)

The financial information and carrying amount, in aggregate, of the Group's interests in joint ventures that are not individually material and are accounted for using the equity method are set out below:

	2017
	HK$'000
The Group's share of loss	**44**
The Group's share of other comprehensive income	**–**
The Group's share of total comprehensive expenses	**44**

	2017
	HK$'000
Carrying amount of the Group's interests in immaterial joint ventures	**–**

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

	2017
	HK$'000
Unrecognised share of losses of joint ventures, both for the year and cumulatively	**2,121**

No capital commitment and contingent liabilities incurred related to the Group's interests in joint ventures.

23. AVAILABLE-FOR-SALE INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Unlisted equity investments in Hong Kong, at cost	**1,000**	1,000

The above unlisted equity investments represent investment in unlisted equity securities issued by private entities incorporated in Hong Kong. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

During the year ended 31 December 2017, the Group invested in equity securities issued by private entities of approximately HK$3,007,000. The private entities had recurring loss in operations. The Management reviewed the investment cost for impairment and considered that provision for impairment of approximately HK$3,007,000 recognised for the year ended 31 December 2017.

24. INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Food and beverages	**234**	367

25. LOAN AND INTEREST RECEIVABLES

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

25. LOAN AND INTEREST RECEIVABLES (Continued)

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

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

The loan and interest receivables are due from a few independent individuals and over 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).

Included in the balance as at 31 December 2016 was approximately HK$1,400,000 due from a non-controlling interest. The amount bore a fixed interest rate of 6% per annum, secured by a property located in Hong Kong and was fully repaid during the year ended 31 December 2017.

Certain individual loan receivables are significant and the terms and conditions of the loan receivable are disclosed in the Company's announcements dated 3 June 2016, 17 June 2016, 5 August 2016, 30 December 2016 and 16 June 2017 respectively.

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

	2017 ***HK$'000***	2016 *HK$'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
	186,179	155,875

25. LOAN AND INTEREST RECEIVABLES (Continued)

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

	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
	186,179	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:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**170,183**	139,549
Past due:		
1 – 90 days	**685**	124
91 – 180 days	**–**	127
181 – 365 days	**–**	4,006
Over 1 year	**15,311**	12,069
	186,179	155,875

Note: Included in the Group's loan and interest receivables are debtors with aggregate amount of approximately HK$15,996,000 (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 the assets similar to the collateral being sufficient to cover the outstanding balance as at 31 December 2017 and 2016.

25. LOAN AND INTEREST RECEIVABLES (Continued)

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

	2017
	HK$'000
At 1 January 2017	**–**
Provided for the year	**4,172**
At 31 December 2017	**4,172**

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.

26. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Non-current		
Rental deposits	**223**	240
Deposit paid for acquisition of property, plant and equipment	**1,960**	10
	2,183	250
Current		
Trade receivables	**12,642**	9,838
Consideration receivable *(Note 38)*	**–**	48,175
Prepayments, deposits and other receivables *(Note a)*	**11,767**	1,737
Deposit paid for acquisition of a subsidiary *(Note b)*	**1,000**	–
	12,767	49,912
	25,409	59,750

26. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes:

(a) Included in the balance as at 31 December 2017, there was approximately HK$1,700,000 (2016: HK$498,000) due from a non-controlling interest. The amount was interest-free, unsecured and repayable on demand.

Included in the balance as at 31 December 2017, there was approximately HK$940,000 (2016: Nil) due from a close family member of a substantial shareholder of the Company. The amount was interest-free, unsecured and repayable on demand. The amount was subsequently settled after the end of the reporting report.

In 2017, the Group has entered into two employment contracts with the substantial shareholders of the Company, the remuneration package of which were determined with reference to a predetermined financial performance of the Group and subjected to payable. The aforesaid payable of approximately HK$7,890,000 was included in the balance as at 31 December 2017 (2016: Nil). The amount was subsequently settled after the end of the reporting report.

(b) The amount represented refundable intention money paid for acquisition of a subsidiary.

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	2016
	HK$'000	*HK$'000*
Within 30 days and neither past due nor impaired	**9,997**	7,775
31 – 60 days	**2,645**	2,063
	12,642	9,838

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

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

Included in the Group's trade receivables balance were receivables of approximately HK$2,645,000 (2016: HK$2,063,000) that were past due as at 31 December 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:

	2017	2016
	HK$'000	*HK$'000*
1 – 30 days	**2,645**	2,063

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 *HK$'000*	2016 *HK$'000*
Unlisted investments		
– Unlisted funds	**–**	26,570
Listed investments		
– Equity securities listed in Hong Kong	**77,935**	66,322
– Funds listed in Hong Kong	**2,364**	–
	80,299	92,892

28. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

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

As at 31 December 2016, pledged bank deposits represented deposits pledged to bank to secure banking facilities granted to the Group. Deposits amounting to approximately HK$2,017,000 (2017: Nil) had been pledged to secure bank overdrafts and short-term bank borrowings and were therefore classified as current assets. The pledged bank deposits were released during the year ended 31 December 2017 due to repayment of bank borrowings.

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

	2017 *HK$'000*	2016 *HK$'000*
Trade payables	**5,412**	4,231
Payables for acquisition of property, plant and equipment	**–**	2,200
Other payables	**606**	895
Accruals	**9,371**	9,141
Deposits received	**135**	6,043
	10,112	18,279
	15,524	22,510

29. TRADE PAYABLES, OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED (Continued)

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	2016
	HK$'000	*HK$'000*
Within 30 days	**4,151**	3,160
31 – 60 days	**1,261**	1,071
	5,412	4,231

Included in accruals as at 31 December 2016 were disbursements payable to an executive director of the Company amounting to HK$24,000 (2017: Nil) and accrued director's emolument amounting to HK$86,000 (2017: Nil).

30. BORROWINGS / PROMISSORY NOTE

	2017	2016
	HK$'000	*HK$'000*
Borrowings		
Instalment loans	**9,897**	166
Bank overdrafts	**5,763**	486
Bank loans	**–**	1,512
Secured bank borrowings	**15,660**	2,164
Unsecured other borrowing	**–**	1,400
	15,660	3,564
Promissory note	**–**	77,076

As at 31 December 2017, the facility agreements of instalment loans and bank overdrafts contained repayment on demand clauses pursuant to which the banks could at their discretion demand repayment of the entire outstanding balances from the Group in the absence of any defaults. The whole balance is therefore recognised under current liabilities.

30. BORROWINGS / PROMISSORY NOTE (Continued)

As at 31 December 2016, the facility agreements of instalment loans contained repayment on demand clauses pursuant to which the banks could at their discretion demand repayment of the entire outstanding balances from the Group in the absence of any defaults. The whole balance is repayable within one year and thus it was classified as current liabilities.

As at 31 December 2016, the mortgage loan of approximately HK$1,574,000 was reclassified to liabilities associated with assets classified as held for sale.

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

	2017	2016
	HK$'000	*HK$'000*
Within one year	**6,169**	3,564
After one year but within two years	**416**	–
After two years but within five years	**1,301**	–
More than five years	**7,774**	–
	15,660	3,564

Instalment loans carrying interest at the lower of one month HIBOR plus 1.35% or the best lending rate of the bank minus 3.1% (2016: Prime Rate plus 0.5%) per annum.

Bank overdrafts carrying interest at the best lending rate of the bank minus 2.5% (2016: Prime Rate plus a margin of 2%) per annum.

Bank loans carried interest at standard bill rate plus 0.25% per annum as at 31 December 2016 and was fully repaid during the year ended 31 December 2017.

Unsecured other borrowing was due to a non-controlling interest, carried interest at a fixed rate of 6% per annum as at 31 December 2016 and was fully repaid during the year ended 31 December 2017.

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

	2017	2016
	HK$'000	*HK$'000*
Instalment loans	**2.15%**	5.75%
Bank overdrafts	**2.75%**	7.25%
Bank loans	**–**	6%
Unsecured other borrowing	**–**	6%

30. BORROWINGS / PROMISSORY NOTE (Continued)

As at 31 December 2017, the Group had aggregate banking facilities of approximately HK$20,000,000 (2016: HK$2,867,000) for loans and other facilities (including letter of guarantee). Unused facilities as at the same date amount to approximately HK$4,237,000 (2016: HK$703,000). These facilities are secured by:

(a) As at 31 December 2017, investment properties with carrying values of approximately HK$26,846,000 (2016: Nil) and their respective rental income generated;

(b) As at 31 December 2017 and 2016, unlimited guarantees from a non-controlling shareholder and a director of a subsidiary;

(c) As at 31 December 2017, unlimited corporate guarantee from a non-wholly owned subsidiary of the Group;

(d) As at 31 December 2016, limited guarantee from Hong Kong Mortgage Corporation Limited and the government of Hong Kong Special Administrative Region; and

(e) As at 31 December 2016, the Group's pledged bank deposits amounting to approximately HK$2,017,000.

2017 Promissory note (the "2017 Promissory Note")

The Company issued promissory note of HK$20,000,000 bearing interest at the Prime Rate from time to time quoted from the HSBC plus 1% per annum on 31 October 2017 for the acquisition of Marvel Miracle. Details of the acquisition of Marvel Miracle are disclosed in Note 22. The 2017 Promissory Note was denominated in Hong Kong dollars with maturity on the secondary anniversary from the date of issue with an early redemption right for the Company. The 2017 Promissory Note was fully settled during the year ended 31 December 2017.

30. BORROWINGS / PROMISSORY NOTE (Continued)

2016 Promissory note (the "2016 Promissory Note")

The Company issued a promissory note of HK$96,000,000 bearing interest at the Prime Rate from time to time quoted from the HSBC plus 1% per annum on 1 April 2016 regarding the acquisition of Brilliant Forever Limited ("Brilliant Forever") of which completed on 29 April 2015, details are disclosed in the circular dated on 27 March 2015. The 2016 Promissory Note was denominated in Hong Kong dollars and with maturity on the second anniversary from the date of issue with an early redemption right for the Company. The 2016 Promissory Note was fully settled during the year ended 31 December 2017.

	2017 Promissory Note	2016 Promissory Note	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2016	**–**	–	–
Issue of the 2016 Promissory Note *(Note 42(ii))*	**–**	96,000	96,000
Interest charge for the year *(Note 10)*	**–**	4,076	4,076
Settlement during the year	**–**	(23,000)	(23,000)
At 31 December 2016 and 1 January 2017	**–**	77,076	77,076
Issue of the 2017 Promissory Note *(Note 42(i))*	**20,000**	–	20,000
Interest charge for the year *(Note 10)*	**104**	1,418	1,522
Reclassified as other payables	**(104)**	–	(104)
Settlement during the year	**(20,000)**	(78,494)	(98,494)
At 31 December 2017	**–**	–	–

31. DEFERRED TAX

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

	2017	2016
	HK$'000	*HK$'000*
Deferred tax assets	**5,586**	907
Deferred tax liabilities	**(5,557)**	(1,016)
	29	(109)

As at 31 December 2017, deferred tax liabilities of approximately HK$5,557,000 (2016: HK$878,000) have been presented as an offset to deferred tax asset of the same taxable entity in the consolidated statement of financial position.

31. DEFERRED TAX (Continued)

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

	Decelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
Deferred tax assets			
At 1 January 2016	3,102	5,458	8,560
Credited (charged) to profit or loss	108	(3,877)	(3,769)
Disposal of subsidiaries *(Note 38)*	(3,181)	(703)	(3,884)
At 31 December 2016 and 1 January 2017	**29**	**878**	**907**
Credited to profit or loss	**–**	**4,679**	**4,679**
At 31 December 2017	**29**	**5,557**	**5,586**

	Accelerated tax depreciation *HK$'000*	Unrealised gain on financial assets at FVTPL *HK$'000*	Total *HK$'000*
Deferred tax liabilities			
At 1 January 2016	(1,118)	(44,567)	(45,685)
Credited to profit or loss	211	43,754	43,965
Disposal of subsidiaries *(Note 38)*	704	–	704
At 31 December 2016 and 1 January 2017	**(203)**	**(813)**	**(1,016)**
Charged to profit or loss	**(20)**	**(4,521)**	**(4,541)**
At 31 December 2017	**(223)**	**(5,334)**	**(5,557)**

Deferred tax assets are recognised for available tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2017, the Group had tax losses carry-forwards and other deductible temporary differences of approximately HK$120,391,000 (2016: HK$39,582,000) and HK$43,522,000 (2016: HK$40,632,000) respectively. Tax losses can be carried forward against future taxable income indefinitely.

31. DEFERRED TAX (Continued)

As at 31 December 2017, the Group did not recognise deferred tax assets in respect of tax losses and deductible temporary differences of approximately HK$86,710,000 (2016: HK$34,258,000) and HK$43,345,000 (2016: HK$40,456,000) respectively due to the unpredictability of future profit stream.

32. SHARE CAPITAL

	Nominal value	**Number of shares**	**Share capital** *HK$'000*
Authorised			
Ordinary shares			
At 1 January 2016	0.001	100,000,000,000	100,000
Share consolidation *(Note (i))*		(90,000,000,000)	–
At 31 December 2016, 1 January 2017 and 31 December 2017	0.01	10,000,000,000	100,000
Issued and fully paid			
Ordinary shares			
At 1 January 2016	0.001	6,528,000,000	6,528
Share consolidation *(Note (i))*		(5,875,200,000)	–
		652,800,000	6,528
Placing of new shares *(Note (ii))*	0.01	130,560,000	1,306
Issue of shares upon exercise of share options *(Note (iii))*	0.01	15,360,000	154
At 31 December 2016 and 1 January 2017	0.01	798,720,000	7,988
Placing of new shares *(Note (iv))*	0.01	159,744,000	1,597
Issue of shares under rights issue *(Note (v))*	0.01	958,464,000	9,584
Issue of shares upon exercise of share options *(Note (vi))*	0.01	190,185,312	1,902
At 31 December 2017	0.01	2,107,113,312	21,071

32. SHARE CAPITAL (Continued)

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 competed 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. Details of which are set out in Note 33.

(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 new 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 year ended 31 December 2017, 17,485,312 (after the Rights Issue adjustment) and 172,700,000 share options had been exercised by holders at exercise prices of HK$0.2284 (after the Rights Issue adjustment) and HK$0.2004 respectively, per option to subscribe for 17,485,312 and 172,700,000 ordinary shares of the Company at a total consideration of approximately HK$3,994,000 and HK$34,609,000 respectively. The total consideration and transfer of share options reserve of approximately HK$11,860,000 were credited to share capital of approximately HK$1,902,000 and share premium of approximately HK$48,561,000. Details of the share options are set out in Note 33.

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

33. 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.

33. SHARE OPTION SCHEME (Continued)

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

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

Options granted under the Share Option Scheme must be taken up within 28 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK$1 to the Company as consideration for the grant. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised, but the Board may, subject to the provisions of the GEM Listing Rules, in its absolute discretion when granting the option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as it may think fit.

As at 31 December 2016, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 16,640,000 representing 2.08% of the shares of the Company in issue. As at 31 December 2017, there was no outstanding share options under the Share Option Scheme.

Details of the share options granted 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$0.2400	HK$0.2284	HK$0.1740
4 July 2017	N/A	1 year from the date of grant	HK$0.2004	N/A	HK$0.2000

Note: As a result of the Rights Issue completed on 23 May 2017, the number of the outstanding share options granted on 1 September 2016 and their respective exercise price had been adjusted. Details of the adjustments are disclosed in the Company's announcement dated 22 May 2017.

33. SHARE OPTION SCHEME (Continued)

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

				Number of share options									
	Date of grant	Exercise price per option *HK$*	Exercise period	Balance as at 1 January 2016	Granted during the year	Exercised during the year	Expired / lapsed / cancelled during the year	Balance as at 31 December 2016	Adjustment due to the Rights issue	Granted during the year	Exercised during the year	Expired / lapsed / cancelled during the year	Balance as at 31 December 2017
Directors and chief executive													
Mr. Yu Ka Ho	1 September 2016	0.2284 (Adjusted)	1 year from the date of grant	–	320,000	–	–	320,000	16,256	–	(336,256)	–	–
Employees	1 September 2016	0.2284 (Adjusted)	1 year from the date of grant	–	9,280,000	(8,960,000)	–	320,000	16,256	–	(336,256)	–	–
	4 July 2017	0.2004	1 year from the date of grant	–	–	–	–	–	–	51,800,000	(51,800,000)	–	–
Individuals in aggregate	1 September 2016	0.2284 (Adjusted)	1 year from the date of grant	–	22,400,000	(6,400,000)	–	16,000,000	812,800	–	(16,812,800)	–	–
	4 July 2017	0.2004	1 year from the date of grant	–	–	–	–	–	–	120,900,000	(120,900,000)	–	–
				–	32,000,000	(15,360,000)	–	16,640,000	845,312	172,700,000	(190,185,312)	–	–
Exercisable at the end of the period								16,640,000					–
				HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Weighted average exercise price				–	0.2400	0.2400	–	0.2400	–	0.2004	0.2030	–	–

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$0.2036 (2016: HK$0.2413) and the weighted average share price at the dates immediately before the exercise is HK$0.2009 (2016: HK$0.2465).

During the year ended 31 December 2017, options were granted on 4 July 2017 (2016: 1 September 2016). The estimated fair value of the options granted on the date is approximately HK$10,362,000 (2016: HK$2,880,000).

33. SHARE OPTION SCHEME (Continued)

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	2017	2016
Closing share price at the date of grant	**HK$0.2000**	HK$0.2400*
Exercise price	**HK$0.2004**	HK$0.2400*
Expected volatility	**71%**	102%
Expected life	**1 year**	1 year
Risk-fee rate	**0.55%**	0.39%
Expected dividend yield	**0%**	0%

* Exercise price has been adjusted from HK$0.2400 to HK$0.2413 upon Rights Issue.

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

The Group recognised the total expense of approximately HK$10,362,000 for the year ended 31 December 2017 (2016: HK$2,880,000) in relation to share options granted by the Company.

34. OPERATING LEASE COMMITMENTS

As lessee

The Group leased office premises, warehouses and a vessel under operating lease arrangements. Leases are negotiated for terms ranging from one to three years (2016: one to three years). Rentals were fixed at the inception of the leases.

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

	2017 ***HK$'000***	2016 *HK$'000*
Within one year	**2,253**	4,283
In the second to fifth years inclusive	**810**	1,200
	3,063	5,483

34. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessor

Property rental income earned during the year was HK$349,000 (2016: Nil). The remaining properties are expected to generate rental yields of 2.4% on an ongoing basis. All of the properties held have committed tenants for the next 3 years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2017 ***HK$'000***	2016 *HK$'000*
Within one year	**642**	–
In the second to fifth year inclusive	**803**	–
	1,445	–

35. CAPITAL COMMITMENTS

	2017 ***HK$'000***	2016 *HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**10,080**	–

36. RETIREMENT BENEFIT SCHEME

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the Group is required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 per employee. Contributions to the MPF Scheme vest immediately.

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

The total expense recognised in profit or loss of approximately HK$1,321,000 (2016: HK$1,223,000) represents contributions payable to these schemes by the Group from continuing operations in respect of the current accounting period at rates specified in the rules of the plans.

37. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

The Group had the following significant transactions with the related parties during both years:

	Notes	**2017** **HK$'000**	2016 HK$'000
Rental expenses paid to related companies*#	*i*	**–**	6,513
Rental expenses paid to a substantial shareholder	*i*	**840**	2,400
Purchase of goods from related companies*#	*ii*	**–**	3,232
Purchase of a motor vehicle from a related company#	*iii*	**500**	–
Sales of a motor vehicle to a close family member of a substantial shareholder	*iii*	**550**	–
Interest income received from loan to an associate	*iv*	**180**	195
Interest expenses paid to a related party	*v*	**1,418**	4,076
Consultancy fee income received from an associate	*vi*	**101**	101
Management income received from an associate	*vi*	**25**	–
Salaries and post-employment benefits paid to substantial shareholders	*vii*	**690**	–
Services fee expenses paid to an associate	*viii*	**82**	–
Interest income received from a substantial shareholder	*iv*	**32**	–

* During the year ended 31 December 2016, the transactions also constituted continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

\# The related companies were controlled and benefically owned by the Former Directors.

37. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

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) The motor vehicles were purchased/sold according to the terms of the sales and purchase agreement entered into between the parties.

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

(v) Interest expenses was charged according to the terms of the promissory note entered into between the parties. Details of which are set out in Note 30.

(vi) Consultancy fee income and management income were made on a mutually agreed basis.

(vii) Salaries were charged according to the terms entered into between the parties.

(viii) Service fee expenses were charged according to the terms entered into between the parties.

(b) Other transactions with related parties

Compensation of key management personnel

The remuneration of Directors and other members of key management during the years ended 31 December 2017 and 2016 are as follows:

	2017	2016
	HK$'000	*HK$'000*
Short-term benefits	**2,923**	2,696
Post-employment benefits	**43**	39
Share option expenses	**1,140**	58
	4,106	2,793

37. RELATED PARTY TRANSACTIONS (Continued)

(c) Other transactions with related parties (Continued)

(i) On 3 November 2017, Food Idea Property Limited ("FIP"), a wholly-owned subsidiary of the Company entered into a shareholders' and management agreement with an associate to appoint FIP as the manager of the vessel at nil return.

(ii) On 27 October 2017, the Company entered into a cooperation agreement in relation to the manufacturing and sale and distribution of bottled dessert beverages in the PRC with Lucky Dessert (China). Further details of the agreement were set out in the Company's announcement dated 27 October 2017. As at 31 December 2017, the operation has not yet started.

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

Further details of the disposal were set out in the Company's announcements dated 10 March 2016, 22 April 2016, 6 May 2016, 27 June 2016, 3 August 2016 and 12 July 2017 and the circular of the Company dated 20 May 2016.

The disposal was completed on 1 August 2016. Details of which are set out in Notes 12 and 38.

38. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2017

On 22 September 2017, the Group entered into a sales and purchase agreement with a minority shareholder of an associate in respect of the disposal of the entire issued share capital of Blissful Dragon Limited ("Blissful Dragon") and all the liabilities, obligations and indebtedness due by Blissful Dragon to the Group. The assets and liabilities attributable to Blissful Dragon were classified as assets / liabilities held for sale and were presented separately in the consolidated financial statement of financial position as at 31 December 2016. As at the date of disposal, the net assets of Blissful Dragon were as follows:

Consideration received:

	HK$'000
Cash received	**10,600**

38. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2017 (Continued)

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	5,411
Prepayment and deposits	8
Bank balances	98
Borrowings	(1,354)
Net assets disposed of	4,163

Gain on disposal of a subsidiary:

	HK$'000
Consideration received	10,600
Net assets disposed of	(4,163)
Gain on disposal	6,437

Net cash inflow arising on disposal

	HK$'000
Cash consideration	10,600
Less: deposit received *(Note 13)*	(6,000)
Less: bank balances disposed of	(98)
	4,502

Blissful Dragon had no material profit or loss and cash flow during the period up to the date of disposal.

38. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2016

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

Analysis of assets and liabilities over which control was lost:

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

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

Consideration of the disposal

	HK$'000
Net assets of the Disposal Group	24,549
Sale Loan	38,626
Consideration of the disposal	63,175
Less: cash consideration received	(15,000)
Consideration receivable (included in prepayments, deposits and other receivables) *(Note 26)*	48,175

38. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2016 (Continued)

The consideration receivable was settled in cash by the purchaser during the year ended 31 December 2017.

Net cash inflow arising on disposal of the Disposal Group:

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

The impact of the the Disposal Group on the Group's results and cash flows for the year ended 31 December 2016 was disclosed in Note 12.

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes				
	1 January 2017 *HK$'000*	**Financing cash flows** *HK$'000*	**Interest expense incurred** *HK$'000*	**Reclassified as other payables** *HK$'000*	**Interests in joint ventures** *HK$'000*	**Disposal of a subsidiary** *HK$'000*	**31 December 2017** *HK$'000*
Borrowings included in liabilities associated with assets classified as held for sale *(Note 13)*	1,574	(220)	–	–	–	(1,354)	–
Borrowings (excluding bank overdrafts) *(Note 30)*	3,078	6,819	–	–	–	–	9,897
Promissory note *(Note 30)*	77,076	(98,494)	1,522	(104)	20,000	–	–
	81,728	(91,895)	1,522	(104)	20,000	(1,354)	9,897

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTE	2017 HK$'000	2016 HK$'000
Non-current assets			
Investment in subsidiaries		–	–
Property, plant and equipment		17	114
		17	114
Current assets			
Prepayments, deposits and other receivables		8,988	48,595
Amounts due from subsidiaries		397,457	259,392
Bank balances and cash		7,971	1,412
		414,416	309,399
Current liability			
Other payables and accruals		1,270	7,250
Net current assets		413,146	302,149
Total assets less current liability		413,163	302,263
Non-current liability			
Promissory note	30	–	77,076
		413,163	225,187
Capital and reserves			
Share capital		21,071	7,988
Reserves *(Note)*		392,092	217,199
		413,163	225,187

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: Reserves

	Share premium HK$'000	Share options reserve HK$'000	Capital reserve HK$'000 (Note)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2016	397,701	–	12,706	(245)	410,162
Loss and other comprehensive expenses for the year	–	–	–	(217,696)	(217,696)
Recognition of equity-settled share based payments *(Note 33)*	–	2,880	–	–	2,880
Issue of new shares *(Note 32)*	18,670	–	–	–	18,670
Issue of shares upon exercise of share options *(Note 32)*	4,914	(1,382)	–	–	3,532
Transaction costs attribute to the issue of new shares *(Note 32)*	(349)	–	–	–	(349)
At 31 December 2016 and 1 January 2017	**420,936**	**1,498**	**12,706**	**(217,941)**	**217,199**
Loss and other comprehensive expenses for the year	**–**	**–**	**–**	**(16,295)**	**(16,295)**
Recognition of equity-settled share based payments *(Note 33)*	**–**	**10,362**	**–**	**–**	**10,362**
Issue of new shares *(Note 32)*	**146,007**	**–**	**–**	**–**	**146,007**
Issue of shares upon exercise of share options *(Note 32)*	**48,561**	**(11,860)**	**–**	**–**	**36,701**
Transaction costs attribute to the issue of new shares *(Note 32)*	**(1,882)**	**–**	**–**	**–**	**(1,882)**
At 31 December 2017	**613,622**	**–**	**12,706**	**(234,236)**	**392,092**

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

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Group as at 31 December 2017 and 2016 are as follows:

Name of subsidiary	Place of incorporation / registration and operation	Issued and fully paid up ordinary share capital	Percentage of ownership interest attributable to the Company				Proportion of voting power held by the Company		Principal activities
			2017		2016		2017	2016	
			Direct	Indirect	Direct	Indirect			
Food Idea Group Limited	BVI	US$1	**100%**	**–**	100%	–	**100%**	100%	Investment holding
Blissful Dragon	BVI	US$1	**–**	**–**	–	100%	**–**	100%	Property holding
Food Idea Food Trading Limited	Hong Kong	HK$1	**–**	**100%**	–	100%	**100%**	100%	Securities investment
Happy Credit Limited	Hong Kong	HK$1	**100%**	**–**	100%	–	**100%**	100%	Money lending
Winteam Development Limited	Hong Kong	HK$1	**–**	**100%**	–	100%	**100%**	100%	Investment holding
Food Idea (Hong Kong) Limited	Hong Kong	HK$1	**–**	**100%**	–	100%	**100%**	100%	Securities investment
Lucky Great Investment Limited ("Lucky Great")	Hong Kong	HK$3,750,000	**–**	**83%**	–	83%	**100%**	100%	Investment holding
Nicecity Limited ("Nicecity") *(Note i)*	Hong Kong	HK$50,000	**–**	**48%**	–	48%	**60%**	60%	Production, sales and distribution of food products
Excellent Catering Management Limited ("Excellent Catering") *(Note i)*	Hong Kong	HK$10,000	**–**	**48%**	–	48%	**60%**	60%	Production, sales and distribution of food products
Brilliant Forever Limited	BVI	US$1	**–**	**100%**	–	100%	**100%**	100%	Investment holding

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Particulars of the principal subsidiaries of the Group as at 31 December 2017 and 2016 are as follows: (Continued)

Name of subsidiary	Place of incorporation / registration and operation	Issued and fully paid up ordinary share capital	Percentage of ownership interest attributable to the Company				Proportion of voting power held by the Company		Principal activities
			2017		2016		2017	2016	
			Direct	Indirect	Direct	Indirect			
Lucky Dessert Singapore Pte. Ltd.	Singapore	Singapore Dollar 100	–	51%	–	51%	67%	67%	Investment holding and exclusive rights holding
Eternity Rise Investments Limited	Hong Kong	HK$10,000	–	100%	–	–	100%	–	Property holding
Eternity Rise Property Limited	Hong Kong	HK$10,000	–	100%	–	–	100%	–	Property holding
Food Idea Capital Limited	Hong Kong	HK$10,000	–	100%	–	–	100%	–	Property holding
Tong Chao Development Limited ("Tong Chao")	Hong Kong	HK$1,000	–	68%	–	–	67%	–	Investment holding
CF Food and Beverage Limited ("CF F&B") *(Note ii)*	Hong Kong	HK$10,000	–	34%	–	–	67%	–	Sales and distribution of food products

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

Notes:

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

(ii) CF F&B is owned as to 50% by Tong Chao, a 68% owned subsidiary of the Group. The Group can exercise control over CF F&B as the Group has appointed two out of three directors of CF F&B.

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

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

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

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

Principal activities	Principal place of business	Number of subsidiaries	
		2017	2016
Investment holding	Hong Kong	**6**	3
Inactive	Hong Kong	**–**	3
Inactive	PRC	**1**	1
		7	7

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

42. MAJOR NON-CASH TRANSACTIONS

(i) During the year ended 31 December 2017, the Group acquired 30% equity interest in Marvel Miracle at a consideration HK$23,000,000 of which HK$20,000,000 was satisfied by promissory note issued by the Company, details are disclosed in Notes 22 and 30.

(ii) During the year ended 31 December 2016, the Company issued a promissory note of HK$96,000,000 as part of the consideration for acquisition of an associate, Brilliant Forever, details are disclosed in Note 30.

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

43. 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 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.

PARTICULARS OF INVESTMENT PROPERTIES

Location	Effective % held	Category of lease	Type	Total gross floor area *(sq.f.)*	Stage
Unit E, 12th Floor CNT Tower 338 Hennessy Road Wan Chai Hong Kong	100	Long	Commercial	956	Existing
Unit F, 12th Floor CNT Tower 338 Hennessy Road Wan Chai Hong Kong	100	Long	Commercial	1,477	Existing

SUMMARY OF FINANCIAL INFORMATION

RESULTS (Continuing and discontinued operations)	Year ended 31 December				
	2017 ***HK$'000***	2016 *HK$'000*	2015 *HK$'000*	2014 *HK$'000*	2013 *HK$'000*
Revenue	**111,148**	286,068	465,652	464,924	386,262
(Loss) profit before tax	**(79,470)**	(371,671)	118,397	100,798	28,867
Income tax (expenses) credit	**(131)**	39,241	(28,092)	(20,160)	(5,373)
(Loss) profit for the year	**(79,601)**	(332,430)	90,305	80,638	23,494

ASSETS AND LIABILITIES	As at 31 December				
	2017 ***HK$'000***	2016 HK$'000	2015 *HK$'000*	2014 *HK$'000*	2013 *HK$'000*
Current assets	**312,218**	260,411	633,494	208,975	94,036
Non-current assets	**162,517**	159,531	221,689	76,944	90,574
Total assets	**474,735**	419,942	855,183	285,919	184,610
Current liabilities	**31,209**	27,648	90,456	61,376	53,098
Non-current liabilities	**–**	77,214	138,328	18,765	4,139
Total liabilities	**31,209**	104,862	228,784	80,141	57,237
Net assets	**443,526**	315,080	626,399	205,778	127,373
Equity attributable to owners of the Company	**442,085**	313,460	623,962	204,611	124,411
Non-controlling interests	**1,441**	1,620	2,437	1,167	2,962
	443,526	315,080	626,399	205,778	127,373