新煮意控股有限公司

Food Idea Holdings Limited

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

2015
ANNUAL REPORT

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CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors
Mr. Wong Kwan Mo *(Chairman)*
Ms. Lau Lan Ying *(Chief executive officer)*
Mr. Yu Ka Ho (appointed on 22 June 2015)

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

Compliance Officer

Ms. Lau Lan Ying

Authorised Representatives

Ms. Lau Lan Ying
Mr. Wong Tin King, Richard, *CPA, FCA*

Company Secretary

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

Audit Committee Members

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

Remuneration Committee Members

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

Nomination Committee Members

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

Legal Advisers to the Company

Michael Li & Co.

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants

Principal Banker

The Hongkong and Shanghai Banking Corporation Limited

Registered Office

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

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

Shop No. 46, Ground Floor
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No. 10 Sai Ching Street
Yuen Long
New Territories
Hong Kong

Hong Kong Share Registrars and Transfer Office

Union Registrars Limited
A18/F., Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong
(will be relocated to Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong with effect from 5 April 2016)

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 Food Idea Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2015.

During the year, the Company received tremendous support from the investors and raised fund of net proceeds of approximately HK$335.5 million from the placing of new shares and the rights issue. The Group's financial strength was strongly enhanced and accordingly, the Group has further expanded its dessert catering business and commenced the money lending business.

Financial Results

For the year ended 31 December 2015, the Group's recorded revenue of approximately HK$465,652,000 which was at similar level as compared to last year (2014: approximately HK$464,924,000). Profit attributable to the owners of the Company rose to approximately HK$90,249,000, an increase of approximately 11% as compared to last year. Such increases were mainly attributable to the unrealised gain from financial assets at fair value through profit or loss ("FVTPL") and the share of profit of an associate, amounting to approximately HK$122,160,000 (net of profits tax of approximately HK$29,164,000) and HK$11,653,000 respectively. After eliminating the abovementioned effect, there was a loss attributable to owners of the Company amounted to approximately HK$43,564,000.

Restaurant operation

At present, the Group is operating nine restaurants under three brands, namely Red Seasons Aroma Restaurants, Plentiful Delight Banquet Restaurant and Red Royalty Banquet Restaurant.

During the year, the restaurant operation of the Group has been adversely affected by the unfavorable market conditions in Hong Kong, including the uncertainties in the Hong Kong economy, the recent turmoil in the People's Republic of China (the "PRC") and Hong Kong financial market and currencies, the weakening consumer sentiments and the deteriorating political polarization in Hong Kong. The restaurant operation is also hindered by the inflation and the rising operating costs especially on the rental expenses and labor costs. Consequently, the restaurant operation incurred a segment loss of approximately HK$13,209,000.

The management will continue to review the performance of each restaurant and take appropriate action to cease non performing restaurants.

CHAIRMAN'S STATEMENT

Food products operation

The Group is engaged in the production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei to major supermarket chains. As at 31 December 2015, the Group operated a food processing factory in Tsuen Wan and over 65 concessionaire stores in Hong Kong. The food products operation extends the geographical reach of our food products. The Group can reach out to additional customers in local supermarkets and achieve economies of scale through the bulk purchases from the suppliers.

The food products operation recognised a segment profit of approximately HK$1,288,000 during the year ended 31 December 2015.

Securities Investment Business

As at 31 December 2015, the Group's investment portfolio includes various listed and unlisted equity securities, debt securities and funds in Hong Kong and overseas.

The Hang Seng Index closed at 21,914 at the end of December 2015, compared with 23,605 at the end of December 2014 and 26,250 at the end of June 2015. During the first half of 2015, the market was excited by the Shanghai Hong Kong Stock Connect program and the bull run in the PRC markets. However, sentiments gradually changed in second half of 2015 when there were more and more concerns that PRC might have a hard landing in the economy. Investors concerned that the slowdown in economic growth in PRC would have serious spill over effects on other major economies. The global market was highly volatile since June 2015.

The Groups' investment portfolio had suffered from the dramatic volatility of the market. The management had cut losses on certain investments which were in vulnerable position and kept those which were better performed in this financial environment. We will continue to monitor the existing positions closely to maximise the return prospect for our investment.

Money Lending Business

After obtaining the relevant license in Hong Kong in 2012, the Group has commenced its money lending business in 2015. The Group targets customers who look for substantial loan amounts and can offer security for the relevant loans. During the year, the Group has offered loans of approximately HK$234.34 million with effective interest rate ranging from 3% to 24% per annum. All loans advanced by the Group are either secured by mortgages, legal charges over listed securities or debentures issued by company listed in Hong Kong or secured by personal guarantee.

CHAIRMAN'S STATEMENT

Dessert Catering Business

With the view to enhancing and enriching the Group's business scope and product line, and thus bringing an additional stream of profit to the Group, the Group started its expansion into the dessert catering business. The operation of the first dessert catering restaurant in Tianjin, PRC, commenced in May 2015 and the brand of "Lucky Dessert 發記甜品" ("Lucky Dessert") has established market presence through the opening of its third dessert catering restaurant in December 2015. Since commencement till 31 December 2015, Lucky Dessert in the PRC has generated revenue of over RMB2 million.

The brand of Lucky Dessert also has high market recognition in Singapore. On 9 December 2015, the Group purchased the exclusive rights of Lucky Dessert in Singapore for a term of 25 years. The Group will mainly focus on the grant of the franchise right but will not directly set up and operate its own dessert restaurant in Singapore in the coming few years. This could minimise the business risk and capital commitment of the Group in the dessert catering business in Singapore.

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 Kwan Mo
Chairman

Hong Kong, 24 March 2016

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 Kwan Mo（黃君武先生）(“Mr. Wong KM”), aged 59, the founder of the Group, is the chairman of the Board and an executive Director. He was appointed an executive Director on 10 February 2011. Mr. Wong KM is an accomplished restaurateur who has over 30 years of operating experience in the food industry. Mr. Wong KM has been responsible for the overall management, business development and strategic planning of the Group since its establishment in 2006. Mr. Wong KM is the spouse of Ms. Lau LY and a substantial shareholder of the Company (“Substantial Shareholder”).

Ms. Lau Lan Ying（劉蘭英女士）(“Ms. Lau LY”), aged 52, is the chief executive officer of the Company and an executive Director. She was appointed an executive Director on 10 February 2011. She is also the compliance officer of the Company. Ms. Lau LY has over 15 years of operating experience in the food industry, including mainly her involvement in the financial management of the fresh meat supply companies operated by Mr. Wong KM. Ms. Lau LY has been responsible for the overall strategic management in finance, accounting, human resources and marketing of the Group since 2006. Ms. Lau LY is the spouse of Mr. Wong KM and a Substantial Shareholder.

Mr. Yu Ka Ho（余嘉豪先生）, aged 33, was appointed an executive Director on 22 June 2015. Mr. Yu obtained a bachelor’s degree in financial engineering from the City University of Hong Kong in 2004 and a master’s degree in mathematics for finance and actuarial science from the joint degree programme of the City University of Hong Kong and Université Paris-Dauphine in 2007. He is responsible for business development and operation management of the Group, as well as the strategic business planning and development of the Group’s new catering business. Prior to joining the Group, Mr. Yu worked in the equity capital market division of the corporate finance department in CITIC Securities International Company Limited and other investment, risk management and consultancy companies.

Independent Non-Executive Directors

Mr. Li Fu Yeung（李富揚先生）, aged 36, was appointed an independent non-executive Director on 25 June 2011. He is also the chairman of the nomination committee (“Nomination Committee”) and audit committee (“Audit Committee”) of the Company and a member of the remuneration committee (“Remuneration Committee”) of the Company. Mr. Li has over 10 years of experience in the financial industry. Since 2004, Mr. Li has worked in Manulife (International) Limited and his current position is Unit Manager and is responsible for the sales and marketing of insurance related product. Mr. Li obtained a diploma in computer science from the Sydney Institute of Business and Technology in 2001.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Kwan Wai Yin, William（關偉賢先生）, aged 40, 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 33, was appointed an independent non-executive Director on 7 January 2016. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. Mr. Tam obtained his bachelor's degree in Business from Queensland University of Technology in 2006. He was a qualified member of CPA Australia in 2011 and 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.

Ms. Chiu Man Yee（趙曼而女士）, aged 35, was appointed an independent non-executive Director on 25 June 2011. She was also the chairlady of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. Ms. Chiu has over 10 years of accounting and financial experience accumulated from working for various professional accounting firms.

Up to the date of her resignation, she was working in Prudential Hong Kong Limited and Prudential General Insurance Hong Kong Limited as senior business manager. Ms. Chiu obtained a bachelor's degree in finance and marketing from The Hong Kong University of Science and Technology in 2002. She was a member of Hong Kong Institute of Certified Public Accountants.

Ms. Chiu resigned from her office as an independent non-executive Director, chairlady of the Remuneration Committee, member of the Audit Committee and Nomination Committee on 7 January 2016.

Senior Management

Mr. Wong Tin King, Richard（黃天競先生）, *CPA, FCA* aged 38, was appointed as chief financial officer and 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 10 years of accounting experience accumulated from working for various professional accounting firms from 2000 to 2010. Mr. Wong is responsible for the accounting and financial functions of the Group, including developing financial strategy to support the Group's growth plan. Mr. Wong is currently a fellow member of The Institute of Chartered Accountants in England and Wales and an associate member of Hong Kong Institute of Certified Public Accountants.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In addition to the original catering services, food products operation and investment business, the Group has commenced its money lending business and dessert catering business during the year ended 31 December 2015.

Catering services

The Group follows a business philosophy of offering high quality cuisine at highly affordable prices. It is committed to providing memorable dining experiences to its customers by delivering deliciously prepared food, outstanding menu choices and a tastefully designed dining environment. Since the Chinese restaurant business was adversely affected by the unfavorable market conditions in Hong Kong, its performance deteriorated. As at 31 December 2015, we are operating nine restaurants under three brands and their performances are outlined below.

Red Seasons Aroma Restaurant ("Red Seasons")

Red Seasons targets customers desiring quality food and special Chinese cuisine at competitive prices. Many customers have found the allure of Red Seasons irresistible, thanks in large measure to the signature dish, roast suckling pig stuffed with glutinous rice and dried prawns. During the year under review, the revenue of Red Seasons decreased by around 6% to approximately HK$221,870,000 (2014: HK$236,898,000).

Plentiful Delight Banquet Restaurant ("Plentiful Delight Banquet")

The second brand established by the Group, Plentiful Delight Banquet, serves Cantonese dim sum and fresh seafood delicacies that are not commonly found in other restaurants. Offering banquet facilities with a seating capacity of 100 banquet tables, Plentiful Delight Banquet is ideal for large-scale events up to 1,200 guests on a single occasion. During the year under review, Plentiful Delight Banquet recorded a drop in revenue of approximately 11% to HK$79,741,000 (2014: HK$89,856,000), which was in line with the drop in Red Seasons.

Red Royalty Banquet Restaurant ("Red Royalty")

Red Royalty provides premium and deluxe Chinese banquet and dining services in a formal, grand environment decorated with contemporary, stylish and elegant items. Red Royalty's scale of operations is the largest within the Group's existing restaurants with a seating capacity of 120 banquet tables and can serve up to 1,400 guests on a single occasion. During the year under view, Red Royalty generated revenue of approximately HK$69,883,000 (2014: HK$66,691,000). Revenue from banquet and dining services generated by Plentiful Delight Banquet and Red Royalty decreased slightly by approximately 4% as compared to last year.

Food products operation

During the year under review, the food products operation recorded revenue of approximately HK$88,818,000 (2014: approximately HK$59,709,000) with a segment profit of approximately HK$1,288,000 (2014: HK$317,000).

As the food products operation was fully accounted for in 2015 (which was only accounted for eight months in 2014 after acquisition), there were substantial increase in both the revenue and segment profit during the year under review.

Securities Investment Business

As at 31 December 2015, the Group had a portfolio of securities investment of approximately HK$422,569,000 (2014: HK$99,712,000) and approximately HK$359,787,000 (2014: HK$99,712,000) of which were equity securities listed in Hong Kong. During the year under review, the Group recorded a realised loss of approximately HK$13,077,000 (2014: realised gain HK$1,193,000) and a net unrealised gain of approximately HK$151,324,000 (2014: HK$93,351,000) in its securities investment.

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

	At 31 Mar 2015				At 30 Jun 2015				At 30 Sep 2015				At 31 Dec 2015			
Company name/Stock code	% of shareholding of the respective shares	Change on fair value for 3 months	Fair value as at 31 Mar 2015	% to the total assets of the Group	% of shareholding of the respective shares	Change on fair value for 6 months	Fair value as at 30 Jun 2015	% to the total assets of the Group	% of shareholding of the respective shares	Change on fair value for 9 months	Fair value as at 30 Sep 2015	% to the total assets of the Group	% of shareholding of the respective shares	Change on fair value	Fair value as at 31 Dec 2015	% to the total assets of the Group
		HK$'000	*HK$'000*			*HK$'000*	*HK$'000*			*HK$'000*	*HK$'000*			*HK$'000*	*HK$'000*	
L & A International Holdings Limited (8195) ("L&A")	2.62%	(14,065)	85,647	29.41%	2.62%	143,795	243,507	38.58%	2.62%	230,912	330,624	36.03%	2.62%	174,234	273,946	32.03%
GreaterChina Professional Services Limited (8193)	–	–	–	–	–	–	–	–	–	–	–	–	0.68%	(2,536)	25,080	2.93%
Major Holdings Limited (1389)	–	–	–	–	–	–	–	–	–	–	–	–	0.39%	2,346	14,245	1.67%
China Properties Investment Holdings Limited (736)	–	–	–	–	–	–	–	–	2.52%	(4,011)	12,954	1.41%	2.10%	(5,847)	11,118	1.30%
China Construction Bank Corporation (939)	–	–	–	–	–	–	–	–	–	–	–	–	0.00%	171	10,732	1.25%
China Environmental Energy Investment Limited (986)	–	–	–	–	–	–	–	–	–	–	–	–	1.82%	(5,280)	9,180	1.07%
China 33 Media Group Limited (8087)	–	–	–	–	–	–	–	–	–	–	–	–	0.83%	(5,056)	4,992	0.58%
China Life Insurance Company Limited (2628)	–	–	–	–	–	–	–	–	–	–	–	–	0.00%	(734)	4,208	0.49%
Hong Kong Exchanges and Clearing Limited (388)	–	–	–	–	0.00%	(66)	2,435	0.39%	0.00%	(1,259)	2,268	0.25%	0.00%	(1,032)	3,539	0.41%
China Jicheng Holdings Limited (1027)	–	–	–	–	–	–	–	–	–	–	–	–	0.01%	(311)	2,740	0.32%
Huatai Securities Co., Ltd. (6886)	–	–	–	–	0.00%	(1)	9	0.00%	0.00%	(4)	6	0.00%	0.00%	(3)	7	0.00%
Creative Energy Solutions Holdings Limited (8109)	–	–	–	–	–	–	–	–	4.38%	(2,363)	16,350	1.78%	–	–	–	–
Suncorp Technologies Limited (1063)	–	–	–	–	–	–	–	–	0.09%	(494)	2,570	0.28%	–	–	–	–
Total		(14,065)	85,647			143,728	245,951			222,781	364,772			155,952	359,787	

Up to 31 March 2015, the investment in equity securities listed in Hong Kong included only L&A shares. As the share price of L&A dropped, there was an unrealised loss on fair value change of financial assets at FVTPL of HK$14,065,000 during the three months ended 31 March 2015.

As at 30 June 2015, 30 September 2015 and 31 December 2015, the equity investment portfolio was enlarged and diversified, with L&A shares being the main investment. The share price of L&A was peaked near the end of September in 2015.

As a result, an unrealised gain on fair value change of L&A shares amounted to approximately HK$157,860,000, HK$87,117,000 and an unrealised loss of HK$56,678,000 were recorded during the three months ended 30 June 2015, 30 September 2015 and 31 December 2015, respectively.

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

	31 December 2015	
Company Name/Stock Code	**Gain (loss) on diposal for the 12 months** *HK$'000*	**% to the profit before tax of the Group**
CNOOC Limited (883)	53	0.04%
Suncorp Technologies Limited (1063)	30	0.03%
Creative Energy Solutions Holdings Limited (8109)	(12,731)	N/A
Total	(12,648)	

The Group's investment portfolio had suffered from the dramatic volatility of the market. The management had cut losses on certain investments which were in vulnerable position and kept those which were better performed in this financial environment. We will continue to monitor the existing portfolio closely to maximise the return prospect for our investments.

Money Lending Business

Since the commencement of the money lending business in June 2015, the Group's money lending business has grown in a rapid pace. During the year under review, it had generated interest income of approximately HK$3,413,000 and recorded a segment profit of approximately HK$2,855,000.

On 19 June 2015, the Group entered into a loan agreement with a group of three borrowers, pursuant to which the Group agreed to grant to them, the independent third parties, a loan facility up to HK$32,000,000, bearing interest at a rate of 8% per annum, for a period of 12 months from 19 June 2015. The loan is secured by a first legal mortgage in respect of a commercial property located in Shatin, New Territories jointly owned by the two borrowers of the group. Details of the loan and the provision of financial assistance are set out in the Company's announcement on 19 June 2015.

An aggregate loan of approximately HK$234,340,000 with effective interest rate ranging from 3% to 24% per annum had been built up by Group during the year under review, of which approximately HK$106,162,000 was repaid by its customers. As at 31 December 2015, the outstanding loan receivables of the Group amounted to HK$128,178,000. All loans advanced by the Group are either secured by mortgages, legal charges over listed securities or debentures issued by company listed in Hong Kong or secured by personal guarantee.

Dessert Catering Business

During the year under review, the Group started its expansion into the dessert catering business in the PRC. The operation of the first dessert catering restaurant in Tianjin, PRC, commenced in May 2015 and the brand of Lucky Dessert has established market presence through the opening of its third dessert catering restaurant in December 2015. Since commencement till 31 December 2015, Lucky Dessert in the PRC has generated revenue of over RMB2 million.

The brand of Lucky Dessert also has high market recognition in Singapore. On 9 December 2015, the Group purchased the exclusive rights of Lucky Dessert in Singapore for a term of 25 years.

Financial Review

During the year ended 31 December 2015, the Group's revenue amounted to approximately HK$465,652,000 which was similar to the amount in last year. Although the revenue from the catering services recorded a drop from approximately HK$405,215,000 in 2014 to HK$371,588,000 in 2015, the negative impact was diminished by (i) the food products operation, with its revenue fully accounted in this financial year ended 31 December 2015 while it was accounted for only eight months in last corresponding period after its acquisition on 1 May 2014; and (ii) the interest income of approximately HK$3,413,000 generated from the money lending business segment.

Profit attributable to the owners of the Company rose to HK$90,249,000, a slightly increase of approximately 11% compared to last year. Such increase was mainly attributable to the unrealised gain from financial assets at FVTPL and the share of profit of an associate, amounting to approximately HK$122,160,000 (net of profits tax of approximately HK$29,164,000) and HK$11,653,000 respectively.

After eliminating the abovementioned effect, there was a loss attributable to owners of the Company amounted to approximately HK$43,564,000. Such loss was mainly due to (i) the lackluster performance from Chinese restaurant operations in Hong Kong, leading to a loss after tax of approximately HK$17,361,000; (ii) the impairment losses on property, plant and equipment from the loss making restaurants of approximately HK$8,457,000; (iii) the realised loss of disposal of financial assets at FVTPL amounting to approximately HK$13,077,000; (iv) a change in fair value of contingent consideration payable of approximately HK$7,582,000 and (v) the increment of other operating expenses.

The cost of inventories consumed for the year ended 31 December 2015 amounted to approximately HK$150,267,000 (2014: HK$151,504,000). The cost of inventories consumed was approximately 33% (2014: 33%) of the Group's revenue on catering services and food products operation businesses during the year under review. 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 were approximately HK$163,672,000 (2014: HK$151,652,000). The increase was mainly due to the full year ownership effect of the food products operation and the wage adjustments to retain experienced staff under the inflationary environment during this year. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

The operating lease rental and related expenses for the year ended 31 December 2015 amounted to approximately HK$50,928,000 (2014: HK$46,105,000), representing an increase of approximately 10% as compared to last year. The increase was mainly due to (i) the increase in rental charge in Shatin Red Seasons after the renewal of tenancy; and (ii) the increase in building management fee of certain restaurant properties of the Group. To have a better control the operating lease rentals and related expenses, the Group has entered into long-term lease agreements to maintain the rentals at a reasonable level.

Outlook and prospects

Looking ahead, the Board takes a cautious view for 2016. The management anticipates the retail environment will be very challenging. The Group is proactively monitoring the rising food costs, labour costs and rental expenses in order to raise the operational efficiencies of the Group's catering services and food products operation.

The management strives to diversify the Group's existing business and broaden its source of income. The Group will actively seek for opportunities to expand its money lending business.

The Group has been approached by potential franchisees of the trademark "Lucky Dessert" for running the dessert catering business in the PRC such as Beijing, Shanghai and Xi An and Singapore. The Group will explore opportunities to further develop its dessert catering business.

The Group maintains a conservative approach on its investment portfolio. The management will monitor the risk exposure regularly and adjust the portfolio when necessary, while selectively choose those stocks with the most balanced risk and return potential.

Liquidity, Financial and Capital Resources

Capital structure

As at 31 December 2015, the share capital and equity attributable to owners of the Company amounted to approximately HK$6,528,000 and HK$623,962,000 respectively (2014: HK$3,200,000 and HK$204,611,000 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 2015, the carrying amount of the Group's unpledged bank balances and cash was approximately HK$96,654,000 (2014: HK$69,300,000), representing an increase of approximately 39% as compared to that as at 31 December 2014. The pledged bank deposits of approximately HK$5,005,000 as at 31 December 2014 and HK$3,531,000 as at 31 December 2015 were pledged to banks for the banking facilities of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceed of the Fund Raising Activities of the Group

The details of the use of proceed of the fund raising activities of the Group during the year ended 31 December 2015 are as below:

Date	Event	Net proceeds	Intended use of proceeds (Note)	Actual use of proceeds up to 31 December 2015
28 December 2015	Issue of 768,000,000 new shares at HK$0.036 per share under general mandate	Approximately HK$27 million	For provision of money lending business	• Approximately HK$27 million will be utilised for money lending business of the Group
9 September 2015	Rights issue of 1,920,000,000 shares at HK$0.105 per right share	Approximately HK$198 million	Approximately HK$187.8 million for the provision of money lending business of the Group;	• Approximately HK$148.34 million was used for money lending business of the Group;
			Approximately HK$2.2 million for funding the consideration of the proposed acquisition of the dessert catering business in Singapore, should the non-legally binding memorandum of understanding dated 9 June 2015 materialise; and	• HK$100,000 was used to pay for the initial consideration for the acquisition of the dessert catering business in Singapore; • Approximately HK$8 million was utilised for general working capital of the Group;
			The balance of approximately HK$8 million for general working capital of the Company	• For the remaining balance of approximately HK$41.56 million • Approximately HK$2.1 million will be utilised for settling the remaining consideration for the acquisition of the dessert catering business in Singapore; and • Approximately HK$39.46 million will be utilised for money lending business of the Group.

Date	Event	Net proceeds	Intended use of proceeds *(Note)*	Actual use of proceeds up to 31 December 2015
19 May 2015	Issue of 480,000,000 new shares at HK$0.193 per share under general mandate	Approximately HK$91 million	For provision of money lending business and general working capital of the Group	• Approximately HK$86 million was utilised for the provision of the Group's money lending business; and • The balance of approximately HK$5 million was utilised for general working capital of the Group.
26 March 2015	Placing of 160,000,000 new shares at HK$0.125 per share under general mandate	Approximately HK$19.5 million	Approximately HK$15 million for providing a shareholder's loan contemplated under a loan agreement; and the remaining net proceeds will be used for general working capital of the Group	• Approximately HK$15 million was utilised for providing a shareholder's loan contemplated under a loan agreement; and • The balance of approximately HK$4.5 million was utilised for general working capital of the Group.

Note: The intended use of proceeds for the rights issue on 9 September 2015 and issue of new shares on 19 May 2015 were amended. Details were disclosed in the Company's announcement dated 9 December 2015.

Borrowings and charges on the Group's assets

Details of borrowings and charges on the Group's assets as at 31 December 2015 are set out in Note 27 to the consolidated financial statements.

Gearing ratio

The gearing ratio is calculated as net debt (secured bank borrowings less pledged bank deposits and bank balances and cash) divided by the total of net debt and total equity. Gearing ratios are not applicable to the Group as at 31 December 2014 and 2015 as the Group's bank balances and cash are more than its borrowings.

Exchange Rate Exposure

Since Hong Kong dollars and Renminbi are the main currencies of the Group to carry out its business transactions, the Group is not exposed to significant foreign exchange exposure.

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

On 10 March 2016, the Company, as vendor, entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to dispose of the Chinese restaurant operation through the disposal of the entire issued share capital of GR Holdings Limited ("GR Holdings"), a direct wholly owned subsidiary of the Company, and all the liabilities, obligations and indebtedness due by GR Holdings to the Group at the preliminary consideration of HK$49 million (subject to adjustment) payable in cash (the "Disposal") to Mr. Wong KM and Ms. Lau LY, the executive Directors, which constituted as a very substantial transaction of the Company.

The completion of the Disposal is conditional upon satisfaction of the certain conditions precedent, including the passing by the independent shareholders of the Company at an extraordinary general meeting to be convened and held of an ordinary resolution to approve the sale and purchase agreement and the transactions. Upon completion, the Company will not hold any interest in the existing Chinese restaurant operation. Details of the Disposal are set out in the Company's announcement dated 10 March 2016.

Save as the above and (i) the acquisition of the entire issued share capital of Brilliant Forever Limited; (ii) the acquisition of 51% of the issued share capital of Lucky Dessert Singapore Pte. Ltd.; (iii) the acquisition of additional 50% of the issued share capital of Hong Kong Beverage and Catering Management Limited, a previously joint venture of the Group, and (iv) financial assets at FVTPL as disclosed elsewhere in this annual report ("Annual Report") of the Company, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2015.

Save as disclosed elsewhere in this Annual Report, there is no plan for material investments or capital assets as at 31 December 2015.

Contingent Liabilities

Save as disclosed elsewhere in this Annual Report, the Group had no material contingent liabilities as at 31 December 2015 (2014: Nil).

Capital Commitments

Details of capital commitments of the Group as at 31 December 2015 are set out in Note 32 to the consolidated financial statements.

Employees and Emolument Policies

The Group had over 750 employees (including Directors) as at 31 December 2015 (2014: 791). 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 Company'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.

DIRECTORS' REPORT

The Board is pleased to present their Annual Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

Change of Company Name

Pursuant to the special resolution of the Board proposed on 30 March 2015, the Company announced the proposed change of the Company's name from "Gayety Holdings Limited 喜尚控股有限公司" to "Food Idea Holdings Limited 新煮意控股有限公司". The change of name was approved by passing of a special resolution by the shareholders at the annual general meeting of the Company held on 22 May 2015. The Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was issued by the Registrar of Companies of Hong Kong on 29 June 2015. Following the change of Company's name becoming effective on 29 June 2015, the shares of the Company have been traded on the Stock Exchange under the new English stock short name of "FOOD IDEA" and new Chinese stock short name of "新煮意控股", instead of "GAYETY HLDGS" in English and "喜尚控股" in Chinese, with effect from 8 July 2015. The stock code of the Company remains as "8179".

Principal Activities

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 39 to the consolidated financial statements. The Group is principally engaged in (i) catering services; (ii) productions, sales and distribution of food products to supermarket chains in Hong Kong; (iii) investments in securities; and (iv) money lending business.

Segment Information

Details of segment information of the Group for the year ended 31 December 2015 are set out in Note 7 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2015 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 45 to 143.

During the year ended 31 December 2015, no interim dividend (2014: Nil) was declared and paid.

During the year ended 31 December 2015, there was no arrangement under which any shareholder waived or agreed to waive any dividend.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2015 (2014: Nil). Further details of dividends are set out in Note 13 to the consolidated financial statements.

DIRECTORS' REPORT

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 17 respectively.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including market risk, credit risk, and liquidity risk. The risk management policies and practices of the Group are shown in Note 6 to the consolidated financial statements.

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, encourage use of recycled paper for printing and copying, double-sided printing and copying, reduce energy consumption by switching off idle lightings, air conditioning and electrical appliances.

Compliance with the Relevant Laws and Regulations

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

Relationship with Suppliers, Customers and other Stakeholders

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

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

DIRECTORS' REPORT

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 2016 annual general meeting (the "2016 AGM") will be held on Friday, 20 May 2016. A circular containing the details of 2016 AGM and the notice of 2016 AGM and form of proxy accompanying thereto will soon be despatched to shareholders.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in Note 38 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

Distributable Reserves

At 31 December 2015, 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$410,162,000. The amount of HK$410,162,000 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 15 to the consolidated financial statements.

Interest Capitalised

No interest was capitalised by the Group during the year ended 31 December 2015.

DIRECTORS' REPORT

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 144 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 29 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 during the year is as follows:

	Percentage of the Group's total purchases
The largest supplier	6%
Five largest suppliers in aggregate	24%

Save for the purchases from Wong Yuen Hing Fresh Food Company Limited ("Wong Yuen Hing") (which is owned as to 50% by Mr. Wong KM and 50% by Ms. Lau LY), 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 KM *(Chairman)*
Ms. Lau LY *(Chief executive officer)*
Mr. Yu Ka Ho (appointed on 22 June 2015)

Independent Non-Executive Directors

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

Pursuant to article 83(3) of the Articles of Association, Mr. Tam Lok Hang and Mr. Yu Ka Ho shall retire from office as Directors at the conclusion of the 2016 AGM and, being eligible, offer themselves for re-election at the 2016 AGM.

Pursuant to article 84 of the Articles of Association, Mr. Li Fu Yeung and Mr. Kwan Wai Yin, William shall retire from office as Directors by rotation at the 2016 AGM and, being eligible, offer themselves for re-election at the 2016 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

Each of Mr. Wong KM and Ms. Lau LY, the executive Directors, has entered into a service agreement with the Company pursuant to which he or she has agreed to act as an executive Director for a fixed term of one year with effect from 8 July 2011 (the "Listing Date") and will not receive any remuneration for holding his or her office as an executive Director. 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.

The Company has issued an appointment letter to each of the independent non-executive Directors for a fixed term of one year commencing from their dates of appointment for which Mr. Li Fu Yeung and Ms. Chiu Man Yee (resigned on 7 January 2016) whose terms commenced from the Listing Date, Mr. Kwan Wai Yin, William whose term commenced from 2 September 2013 and Mr. Tam Lok Hang whose term commenced from 7 January 2016. The appointment can be terminated by either the Company or the independent non-executive Director giving to the other party not less than one month's prior written notice. The Company and the independent non-executive Director shall discuss whether to renew the term of appointment of the independent non-executive Director prior to the expiration of the relevant term of appointment. If either party disagrees with the renewal of the term of appointment of the independent non-executive Director, such party shall notify the other party in writing at least two months prior to the expiration of the relevant term of appointment. Subject to the consent of both parties, the term of appointment of the independent non-executive Director may be renewed automatically for one year on expiry of the initial term and for successive terms of one year each commencing on expiry of the then current term.

Save as disclosed above, none of the Directors being proposed for re-election at the 2016 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Independence Confirmation

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

Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 12 to the consolidated financial statements.

Management Contracts

As at 31 December 2015, 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 Company'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 30 to the consolidated financial statements.

Retirement Benefit Scheme

Details of the retirement benefit scheme of the Group are set out in Note 33 to the consolidated financial statements.

Share Option Scheme

Details of the share option scheme of the Group are set out in Note 30 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, their respective associates and the substantial shareholders of the Company ("Substantial Shareholders") was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the year or at 31 December 2015.

Update on Directors' Information

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors for the year ended 31 December 2015 is set out below:

– Mr. Yu Ka Ho was appointed on 22 June 2015 as an executive Director.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules for the year ended 31 December 2015.

Non-Competition Undertaking

Each of Mr. Wong KM and Ms. Lau LY as covenantor (each a "Covenantor", collectively, "Covenantors") entered into a deed of non-competition dated 25 June 2011 in favour of the Company and its subsidiaries (the "Deed of Non-competition").

The Company has received from each of the Covenantors an annual confirmation on the compliance of the non-competition undertaking under the Deed of Non-competition (the "Undertaking"). The independent non-executive Directors have reviewed the compliance of the Undertaking from the Covenantors and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that the Covenantors have complied with the Undertaking.

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

As at 31 December 2015, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the 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 Directors	Capacity/Nature of interest	Total number of ordinary shares	Approximate percentage of interest
Mr. Wong KM *(Note)*	Interest in controlled corporation	1,528,116,000	23.41%
Ms. Lau LY *(Note)*	Interest in controlled corporation	1,528,116,000	23.41%

Note:

1,153,116,000 and 375,000,000 shares are owned by KMW Investments Limited ("KMW") and Strong Light Investments Limited ("Strong Light") respectively. KMW and Strong Light are companies incorporated in the British Virgin Islands ("BVI") and Hong Kong respectively. The entire issued share capital of KMW and Strong Light are beneficially owned as to 50% by Mr. Wong KM and 50% by Ms. Lau LY.

Saved as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company had any other 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 Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above, at no time during the year ended 31 December 2015 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

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

So far as the Directors are aware, as at 31 December 2015, other than the Directors or chief executive of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above, the following person has an interest or short position in the shares or underlying shares 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, 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
KMW *(Note)*	Beneficial owner	1,153,116,000	17.66%
Strong Light *(Note)*	Beneficial owner	375,000,000	5.75%

Note:

KMW and Strong Light are companies incorporated in the BVI and Hong Kong respectively. The entire issued share capital of KMW and Strong Light are beneficially owned as to 50% by Mr. Wong KM and 50% by Ms. Lau LY.

Saved as disclosed above, as at 31 December 2015, the Directors were not aware of any other person (other than the Directors or chief executive as disclosed in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Purchase, Sale or Redemption of the Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2015.

Connected Transactions

Significant related party transactions entered into by the Group during the year ended 31 December 2015 are disclosed in Note 34 to the consolidated financial statements. Certain transactions also constitute connected transactions under the GEM Listing Rules, as identified below.

Non-exempt Continuing Connected Transactions

A. Continuing connected transaction subject to reporting, annual review and announcement requirements

Shatin Lease Agreement

Pursuant to a lease entered into between Red Seasons Corporation Limited ("RS Corporation"), an indirectly wholly owned subsidiary, and U Investments Limited ("U Investments") on 12 December 2014 (the "Shatin Lease Agreement"), RS Corporation had agreed to lease from U Investments premises situated at Shop No. 33, Level 1 and Level 2, Garden Rivera, Nos. 20-30 Tai Chung Kiu Road, Shatin, New Territories, Hong Kong and a covered carparking space (the "Shatin Property") at a monthly rent of HK$350,000 for the period from 1 January 2015 to 31 December 2017. The Shatin Property has been used by RS Corporation as the restaurant premises of Shatin Red Seasons.

U Investments is principally engaged in property investment in Hong Kong. Mr. Wong KM and Ms. Lau LY, both being Directors and Substantial Shareholders, are connected persons of the Company under the GEM Listing Rules. As each of Mr. Wong KM and Ms. Lau LY holds as to 50% of the issued share capital of U Investments, U Investments is an associate of each of Mr. Wong KM and Ms. Lau LY, and is a connected person of the Company. Therefore, the Shatin Lease Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

The annual cap for the rent payable by RS Corporation to U Investments for the Shatin Property for each of the three years ending 31 December 2017 was HK$4,200,000. Further details of this continuing connected transaction are set out in the announcement of the Company dated 12 December 2014.

During the year ended 31 December 2015, the aggregate rent paid by RS Corporation to U Investments for the Shatin Property amounted to HK$4,200,000.

Red Royalty Lease Agreement

Pursuant to a lease entered into between Gayety Limited ("Gayety"), an indirectly wholly owned subsidiary, and Goldex Management Limited ("Goldex") on 25 November 2011 (the "Red Royalty Lease Agreement"), Gayety had agreed to lease from Goldex premises situated at First Floor Commercial Unit plus carparking space Nos. L5 on Ground Floor and 97, 98, 99 & 100 on First Floor, Manhattan Plaza, No. 23 Sai Ching Street, Yuen Long, New Territories, Hong Kong (the "Red Royalty Property") at a monthly rent of HK$580,000 for the period from 1 January 2012 to 31 December 2016. The lease term could be commenced earlier subject to the consent from both Gayety and Goldex. The Red Royalty Property has been used by Gayety as the restaurant premises of Red Royalty.

Goldex is principally engaged in property investment in Hong Kong. Mr. Wong KM and Ms. Lau LY, both the Directors and Substantial Shareholders, are connected persons of the Company under the GEM Listing Rules. As each of Mr. Wong KM and Ms. Lau LY holds to 50% of the issued share capital of Goldex, Goldex is an associate of each of Mr. Wong KM and Ms. Lau LY and is a connected person of the Company. Therefore, the Red Royalty Lease Agreement constitutes a continuing connected transaction of the Company under the GEM Listing Rules.

The annual cap for the rent payable by Gayety to Goldex for the Red Royalty Property for each of the five years ending 31 December 2016 was HK$6,960,000.

During the year ended 31 December 2015, the aggregate rent paid by Gayety to Goldex for the Red Royalty Property was HK$6,960,000.

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

A pork supply and purchase agreement (the "Pork Supply Agreement") was entered into between Wong Yuen Hing and the Company on 27 December 2013, pursuant to which Wong Yuen Hing had agreed to sell to the Company (or any of its subsidiaries as directed by the Company) pork during the term of the Pork Supply Agreement on terms no less favourable than those offered by Wong Yuen Hing to other independent third parties. The purchase price, the quantity and specifications of the pork concerned, the time and place of delivery and other relevant matters will be negotiated by the parties with reference to the then prevailing market prices of pork in good faith. The purchase price and the other payment terms for pork will be set out in the relevant purchase orders to be placed under the Pork Supply Agreement. Such price, however, shall not be higher than the average price at which Wong Yuen Hing charges other independent third parties for the same kind of product during that month on normal commercial terms in its ordinary and usual course of business.

A wine supply and purchase agreement (the "Wine Supply Agreement") was entered into between U Cellar Limited ("U Cellar") and the Company on 27 December 2013, pursuant to which U Cellar had agreed to sell to the Company (or any of its subsidiaries as directed by the Company) wine during the term of the Wine Supply Agreement on terms no less favourable than those offered by U Cellar to other independent third parties. The purchase price, the quantity and specifications of the wine concerned, the time and place of delivery and other relevant matters will be negotiated by the parties with reference to the then prevailing market prices of wine in good faith. The purchase price and the other payment terms for the wine will be set out in the relevant purchase orders to be placed under the Wine Supply Agreement. Such price, however, shall not be higher than the average price at which U Cellar charges other independent third parties for the same kind of product during that month on normal commercial terms in its ordinary and usual course of business.

Wong Yuen Hing is principally engaged in the wholesale and retail of pork in Hong Kong. U Cellar is principally engaged in the business of supply and retail of wine in Hong Kong. Mr. Wong KM and Ms. Lau LY, both the Directors and Substantial Shareholders, are connected persons of the Company under the GEM Listing Rules. As each of Mr. Wong KM and Ms. Lau LY holds as to 50% of the issued share capital of Wong Yuen Hing, Wong Yuen Hing is an associate of each of Mr. Wong KM and Ms. Lau LY, and is a connected person of the Company. As Ms. Wong Tai Ying, the daughter of Mr. Wong KM and Ms. Lau LY, owns 100% interest in U Cellar, U Cellar is an associate of Mr. Wong KM and Ms. Lau LY and is a connected person of the Company. Therefore, the transactions contemplated under the Pork Supply Agreement and the Wine Supply Agreement constitute continuing connected transactions of the Company under the GEM Listing Rules.

The term of each of the Pork Supply Agreement and the Wine Supply Agreement is from 1 January 2014 to 31 December 2016. The annual cap for the amount payable by the Group to Wong Yuen Hing for the purchase of pork under the Pork Supply Agreement for each of the three years ending 31 December 2016 was HK$8,000,000, HK$8,500,000 and HK$9,000,000, respectively. The annual cap for the amount payable by the Group to U Cellar for the purchase of wine under the Wine Supply Agreement for each of the three years ending 31 December 2016 was HK$450,000, HK$475,000 and HK$500,000 respectively.

During the year ended 31 December 2015, the aggregate amounts paid by the Group to Wong Yuen Hing for the purchase of pork under the Pork Supply Agreement and U Cellar for the purchase of wine under the Wine Supply Agreement were approximately HK$7,854,000 and HK$4,000 respectively.

Pursuant to Rule 20.37 of the GEM Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions for the year ended 31 December 2015 and confirmed that the continuing connected transactions were entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or on terms no less favourable to the Group than terms available from independent third parties; and

(3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has also engaged the auditor of the Company to report on the continuing connected transactions pursuant to Rule 20.39 of the GEM Listing Rules and the Board has received a letter from the auditor of the Company with the following conclusions:

(1) nothing has come to the auditor's attention that causes them to believe that the continuing connected transactions have not been approved by the Board;

(2) nothing has come to the auditor's attention that causes them to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(3) nothing has come to the auditor's attention that causes them to believe that the continuing connected transactions have exceeded the respective maximum aggregate annual value as set by the Company.

Events after the Reporting Period

Details of events after the reporting period are set out in Note 40 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 2015 and up to the date of approval of this Annual Report.

Code of Conduct for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the year under review. The Company was not aware of any non-compliance during the year ended 31 December 2015.

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 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 make recommendation to the Board on the appointment, re-appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee internal control procedures of the Company. As at 31 December 2015, the Audit Committee consists of three members, namely Mr. Li Fu Yeung, Ms. Chiu Man Yee and Mr. Kwan Wai Yin, William. Mr. Li Fu Yeung is the chairman of the Audit Committee. Subsequent to the reporting period, on 7 January 2016, Ms. Chiu Man Yee ceased to act as a member of Audit Committee and Mr. Tam Lok Hang was appointed as a member of Audit Committee.

During the year, the Audit Committee performed duties including reviewing the Group's financial statements, audit findings, external auditor's independence and the Group's accounting principles and practices.

The Group's annual results for the year ended 31 December 2015 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 December 2015 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

Auditor

The financial statements for the year ended 31 December 2015 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 2016 AGM.

By order of the Board
Food Idea Holdings Limited
Wong Kwan Mo
Chairman and executive Director

Hong Kong, 24 March 2016

CORPORATE GOVERNANCE REPORT

The Board has adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (the "CG Code") under Appendix 15 of the GEM Listing Rules. For the year ended 31 December 2015, 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 six members, of which three are executive Directors namely Mr. Wong KM (Chairman), Ms. Lau LY (Chief executive officer ("CEO")) and Mr. Yu Ka Ho and three are independent non-executive Directors namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang (appointed on 7 January 2016 while Ms. Chiu Man Yee resigned on the same date). 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 ended 31 December 2015. None of the members of the Board is related to one another except Mr. Wong KM is a spouse of Ms. Lau LY.

Chairman and CEO

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

Independent non-executive Directors

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

The Company has received written annual confirmation from each independent non-executive Director of his/ her 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, Ms. Chiu Man Yee and Mr. Kwan Wai Yin, William to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the year ended 31 December 2015.

Role and Function of the Board

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

Delegation by the Board

The Board reserves for its decisions on all major matters of the Company, 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 Company 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.

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.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to 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 interest 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 ended 31 December 2015, all Directors have participated in continuous professional development by attending seminars/ in-house briefing/ reading materials to develop and refresh their knowledge and skills and provided a record of training to the Company. These covered a broad range of topics including Directors' duties, corporate governance and recent updates on the GEM Listing Rules.

Name of Directors	**Attended seminars or briefing/read materials**
Executive Directors	
Mr. Wong KM	✓
Ms. Lau LY	✓
Mr. Yu Ka Ho (appointed on 22 June 2015)	✓
Independent non-executive Directors	
Mr. Li Fu Yeung	✓
Mr. Kwan Wai Yin, William	✓
Ms. Chiu Man Yee (resigned on 7 January 2016)	✓
Mr. Tam Lok Hang (appointed on 7 January 2016)	N/A

Board Meetings

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

Minutes of Board meetings and meetings of Board committees 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

During the year ended 31 December 2015, 29 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 Company. 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**	**Annual general meeting ("AGM") held on 22 May 2015**	**Extraordinary general meeting ("EGM") held on 16 April 2015**
Executive Directors						
Mr. Wong KM	29/29	–	–	–	1/1	1/1
Ms. Lau LY	29/29	–	–	–	1/1	1/1
Mr. Yu Ka Ho (appointed on 22 June 2015)	13/13	–	–	–	–	–
Independent non-executive Directors						
Mr. Li Fu Yeung	26/29	5/5	2/2	2/2	1/1	1/1
Mr. Kwan Wai Yin, William	26/29	5/5	2/2	2/2	1/1	1/1
Ms. Chiu Man Yee (resigned on 7 January 2016)	26/29	5/5	2/2	2/2	1/1	1/1
Mr. Tam Lok Hang (appointed on 7 January 2016)	–	–	–	–	–	–

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 make recommendation to the Board on the appointment, re-appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, and oversee internal control procedures of the Company.

As at 31 December 2015, the Audit Committee consists of three independent non-executive Directors, namely Mr. Li Fu Yeung, Ms. Chiu Man Yee and Mr. Kwan Wai Yin, William. Mr. Li Fu Yeung is the chairman of the Audit Committee. During the year ended 31 December 2015, 5 meetings of Audit Committee were held for, inter alia, reviewing the Group's quarterly, interim and annual results, the financial reporting and compliance procedures and considering the re-election of auditor of the Company and approving the revised terms of reference of the Audit Committee.

Subsequent to the reporting period, on 7 January 2016, Ms. Chiu Man Yee ceased to act as a member of Audit Committee and Mr. Tam Lok Hang was appointed as a member of Audit Committee.

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 2015, the Remuneration Committee consists of three independent non-executive Directors, namely Ms. Chiu Man Yee, Mr. Li Fu Yeung and Mr. Kwan Wai Yin, William. Ms. Chiu Man Yee was the chairlady of the Remuneration Committee. Details of the remuneration of Directors are set out in Note 12 to the consolidated financial statements. During the year ended 31 December 2015, 2 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 Director.

Subsequent to the reporting period, on 7 January 2016, Ms. Chiu Man Yee ceased to act as the chairlady and member of Remuneration Committee and Mr. Tam Lok Hang was appointed as the chairman and member of Remuneration Committee.

Nomination Committee

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

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

CORPORATE GOVERNANCE REPORT

As at 31 December 2015, the Nomination Committee consists of three independent non-executive Directors, namely Ms. Chiu Man Yee, Mr. Li Fu Yeung and Mr. Kwan Wai Yin, William. Mr. Li Fu Yeung is the chairman of the Nomination Committee. During the year ended 31 December 2015, 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 executive Director. 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 ended 31 December 2015.

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

Corporate Governance Function

All members of the Board are responsible for performing the corporate governance functions. The terms of reference of corporate governance functions was adopted by the Board at the Board meeting held on 23 March 2012 and is in compliance with paragraph D3.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. During the year ended 31 December 2015, 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 during the year ended 31 December 2015, they had fully complied with the required standard of dealings and there was no event of non-compliance.

Auditor's Remuneration

During the year ended 31 December 2015, the fees paid/payable to SHINEWING (HK) CPA Limited, the auditor of the Company, and its affiliate companies in respect of audit and non-audit services provided by them to the Group were as follows:

Service rendered	**Fees paid/ payable** *HK$*
Audit services	1,200,000
Non-audit services:	
Other services	1,082,000
Total	2,282,000

Internal Controls

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Group.

The Board is committed to implementing an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to executive management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

Directors' Responsibility for the Consolidated Financial Statements

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

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

Investor Relations and Communication

The Board recognises the importance of good communications with all shareholders. The Company encourages two-way communications with both its institutional and private investors. A shareholder's communication policy was adopted by the Board at the Board meeting held on 23 March 2012 aiming at providing the shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. Extensive information about the Company's activities is provided in its interim report, quarterly reports and this Annual Report, which are sent to shareholders of the Company. The annual general meeting 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 annual general meeting 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 2015 annual general meeting ("2015 AGM") was held on 22 May 2015 and the EGM has held on 16 April 2015. The whole Board and auditor of the Company attended the 2015 AGM and the said EGM 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.

Company Secretary

The company secretary of the Company ("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 ended 31 December 2015, Mr. Wong undertook not less than 15 hours of professional training to update his skills and knowledge.

Shareholders' Right

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Article of Association, an EGM may be convened by the Board upon requisition by any shareholder holding not less than one-tenth of the issued share capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary at the head office of the Company at Shop No. 46, Ground Floor, Ho Shun Tai Building, No. 10 Sai Ching Street, Yuen Long, New Territories, 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 Shop No. 46, Ground Floor, Ho Shun Tai Building, No. 10 Sai Ching Street, Yuen Long, New Territories, 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 Shop No. 46, Ground Floor, Ho Shun Tai Building, No. 10 Sai Ching Street, Yuen Long, New Territories, 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 ended 31 December 2015.

INDEPENDENT AUDITOR'S REPORT

信永中和
ShineWing

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

TO THE MEMBERS OF FOOD IDEA HOLDINGS LIMITED
(FORMERLY KNOWN AS GAYETY HOLDINGS LIMITED)
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Food Idea Holdings Limited (formerly known as Gayety Holdings Limited) (the "Company") and its subsidiaries set out on pages 45 to 143, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Hong Kong
24 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Revenue	7	**465,652**	464,924
Other income	8	**996**	641
Cost of inventories consumed		**(150,267)**	(151,504)
Employee benefits expenses	9	**(163,672)**	(151,652)
Depreciation		**(22,226)**	(22,223)
Amortisation		**(12)**	–
Operating lease rentals and related expenses		**(50,928)**	(46,105)
Utilities expenses		**(28,001)**	(31,166)
Other losses, net	9	**(7,919)**	(5,978)
(Loss) gain on disposal of financial assets at fair value through profit or loss		**(13,077)**	1,193
Gain on fair value of financial assets at fair value through profit or loss, net		**151,324**	93,351
Loss on fair value of contingent consideration payable	35	**(7,582)**	–
Other operating expenses		**(66,721)**	(50,056)
Share of profit of an associate		**11,653**	–
Share of loss of a joint venture		**–**	(1)
Finance costs	10	**(823)**	(626)
Profit before tax	9	**118,397**	100,798
Income tax expenses	11	**(28,092)**	(20,160)
Profit for the year		**90,305**	80,638

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

For the year ended 31 December 2015

	NOTE	**2015** **HK$'000**	2014 *HK$'000*
Other comprehensive expense for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(26)**	(6)
Share of foreign currency translation reserve of an associate		**(6,298)**	–
		(6,324)	(6)
Total comprehensive income for the year		**83,981**	80,632
Profit (loss) for the year attributable to:			
Owners of the Company		**90,249**	81,626
Non-controlling interests		**56**	(988)
		90,305	80,638
Total comprehensive income (expense) attributable to:			
Owners of the Company		**83,925**	81,620
Non-controlling interests		**56**	(988)
		83,981	80,632
		2015	2014 (Restated)
Earnings per share			
Basic and diluted (HK cents)	*14*	**2.08**	2.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	15	**39,387**	54,139
Goodwill	16	**6,186**	6,186
Intangible asset	17	**4,636**	–
Interest in an associate	18	**97,827**	–
Interest in a joint venture	19	**–**	–
Available-for-sale investment		**2**	–
Rental deposits	22	**7,703**	11,271
Deposits paid for acquisition of property, plant and equipment		**3,387**	959
Deferred tax assets	28	**3,102**	2,889
Loan to an associate	18	**2,959**	–
Loan receivables	21	**56,500**	–
Pledged bank deposit	24	**–**	1,500
		221,689	76,944
Current assets			
Inventories	20	**8,215**	8,119
Loan and interest receivables	21	**73,187**	–
Trade receivables	22	**9,112**	8,461
Amount due from an associate	18	**29**	–
Prepayments, deposits and other receivables	22	**17,163**	18,937
Income tax recoverable		**3,034**	941
Financial assets at fair value through profit or loss	23	**422,569**	99,712
Pledged bank deposits	24	**3,531**	3,505
Bank balances and cash	24	**96,654**	69,300
		633,494	208,975
Current liabilities			
Trade payables	25	**15,481**	13,823
Other payables, accruals and deposits received	25	**38,082**	33,437
Provision for reinstatement costs	26	**762**	559
Income tax payable		**362**	435
Borrowings	27	**35,769**	13,122
		90,456	61,376
Net current assets		**543,038**	147,599
Total assets less current liabilities		**764,727**	224,543

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Contingent consideration payable	35	**94,780**	–
Provision for reinstatement costs	26	**3,321**	3,320
Deferred tax liabilities	28	**40,227**	15,445
		138,328	18,765
		626,399	205,778
Capital and reserves			
Share capital	29	**6,528**	3,200
Reserves		**617,434**	201,411
Equity attributable to owners of the Company		**623,962**	204,611
Non-controlling interests		**2,437**	1,167
		626,399	205,778

The consolidated financial statements on pages 45 to 143 were approved and authorised for issue by the board of directors on 24 March 2016 and are signed on its behalf by:

WONG KWAN MO
Director

LAU LAN YING
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company								
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000* *(Note i)*	**Other reserve** *HK$'000* *(Note ii)*	**Foreign currency translation reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 January 2014	3,200	65,421	106	448	–	55,236	124,411	2,962	127,373
Profit (loss) for the year	–	–	–	–	–	81,626	81,626	(988)	80,638
Other comprehensive expense for the year									
Exchange differences arising on translation of a foreign operation	–	–	–	–	(6)	–	(6)	–	(6)
Total comprehensive (expense) income for the year	–	–	–	–	(6)	81,626	81,620	(988)	80,632
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	637	637
Acquisition of non-controlling interests *(Note 37)*	–	–	–	(1,420)	–	–	(1,420)	1,220	(200)
Acquisition of subsidiaries *(Note 35)*	–	–	–	–	–	–	–	(1,764)	(1,764)
Dividends to non-controlling interests *(Note 13)*	–	–	–	–	–	–	–	(900)	(900)
At 31 December 2014	3,200	65,421	106	(972)	(6)	136,862	204,611	1,167	205,778
At 1 January 2015	3,200	65,421	106	(972)	(6)	136,862	204,611	1,167	205,778
Profit for the year	–	–	–	–	–	90,249	90,249	56	90,305
Other comprehensive expense for the year									
Exchange differences arising on translation of foreign operations	–	–	–	–	(26)	–	(26)	–	(26)
Share of foreign currency translation reserve of an associate	–	–	–	–	(6,298)	–	(6,298)	–	(6,298)
Total comprehensive (expense) income for the year	–	–	–	–	(6,324)	90,249	83,925	56	83,981
Acquisition of a subsidiary *(Note 35(b))*	–	–	–	–	–	–	–	2,114	2,114
Share of other reserve of an associate	–	–	–	(182)	–	–	(182)	–	(182)
Issue of new shares *(Note 29)*	3,328	338,560	–	–	–	–	341,888	–	341,888
Transaction costs attribute to the issue of new shares	–	(6,280)	–	–	–	–	(6,280)	–	(6,280)
Dividends to non-controlling interests *(Note 13)*	–	–	–	–	–	–	–	(900)	(900)
At 31 December 2015	6,528	397,701	106	(1,154)	(6,330)	227,111	623,962	2,437	626,399

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2015

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 2015

	2015 *HK$'000*	2014 *HK$'000*
OPERATING ACTIVITIES		
Profit before tax	**118,397**	100,798
Adjustments for:		
Loss (gain) on disposal of financial assets at fair value through profit or loss	**13,077**	(1,193)
Gain on fair value of financial assets at fair value through profit or loss, net	**(151,324)**	(93,351)
Depreciation	**22,226**	22,223
Amortisation	**12**	–
Loss on fair value of contingent consideration payable	**7,582**	–
Share of profit of an associate	**(11,653)**	–
Share of loss of a joint venture	**–**	1
Finance costs	**823**	626
Loss on disposal of a subsidiary	**–**	237
(Gain) loss on disposals/written-off of property, plant and equipment	**(538)**	1,972
Impairment loss of property, plant and equipment	**8,457**	3,769
Interest income from loan to an associate	**(59)**	–
Bank interest income	**(41)**	(166)
Operating cash flows before movements in working capital	**6,959**	34,916
(Increase) decrease in inventories	**(96)**	2,289
(Increase) decrease in trade receivables	**(651)**	802
Increase in loan and interest receivables	**(129,687)**	–
Decrease (increase) in prepayments, deposits and other receivables	**5,352**	(2,746)
Increase (decrease) in trade payables	**1,658**	(5,578)
Increase (decrease) in other payables, accruals and deposits received	**3,795**	(6,313)
Increase in financial assets at fair value through profit or loss	**(184,610)**	(5,168)
Cash (used in) generated from operations	**(297,280)**	18,202
Interest paid	**(619)**	(430)
Hong Kong Profits Tax paid	**(5,689)**	(7,745)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	**(303,588)**	10,027

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Acquisition of subsidiaries	35	**(5,559)**	(5,455)
Acquisition of available-for-sale investment		**(2)**	–
Disposal of a subsidiary	36	**–**	228
Purchases of property, plant and equipment		**(17,269)**	(4,622)
Deposits paid for acquisition of property, plant and equipment		**(3,387)**	(802)
Loan and advance to an associate		**(2,988)**	–
Bank interest received		**41**	166
Proceeds from disposals of property, plant and equipment		**1,303**	80
Withdrawal of pledged bank deposits		**1,500**	–
Placement of pledged bank deposits		**(26)**	(2)
NET CASH USED IN INVESTING ACTIVITIES		**(26,387)**	(10,407)
FINANCING ACTIVITIES			
New borrowings raised		**87,315**	–
Repayment of borrowings		**(59,920)**	(708)
Dividends paid to non-controlling interests		**(900)**	(900)
Proceeds from issue of shares		**341,888**	–
Expenses on issue of shares		**(6,280)**	–
Capital contribution from non-controlling interests		**–**	637
Payments to acquire non-controlling interests		**–**	(200)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**362,103**	(1,171)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**32,128**	(1,551)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**64,055**	65,612
Effect of foreign exchange rate changes		**(26)**	(6)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**96,157**	64,055
Analysis of cash and cash equivalents at the end of the year			
Bank balances and cash		**96,654**	69,300
Bank overdrafts	27	**(497)**	(5,245)
		96,157	64,055

1. GENERAL INFORMATION

Food Idea Holdings Limited (formerly known as Gayety Holdings Limited) (the "Company") was incorporated in the Cayman Islands on 10 February 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 July 2011. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is Shop 46, G/F., Ho Shun Tai Building, No. 10 Sai Ching Street, Yuen Long, New Territories, Hong Kong.

Pursuant to a special resolution passed at the annual general meeting held on 22 May 2015, the English name of the Company was changed from "Gayety Holdings Limited" to "Food Idea Holdings Limited" and the Chinese name of the Company was changed from "喜尚控股有限公司" to "新煮意控股有限公司" with immediate effect.

The Company's principal activity during the year was investment holding. The principal activities of its principal subsidiaries are set out in Note 39.

The 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)") AND NEW HONG KONG COMPANIES ORDINANCE

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the 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)") AND NEW HONG KONG COMPANIES ORDINANCE (CONTINUED)

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The Annual Improvements to HKFRSs 2010 – 2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010 – 2012 Cycle will have a material effect on the Group's consolidated financial statements.

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

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The Annual Improvements to HKFRSs 2011 – 2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments are applied prospectively. The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011 – 2013 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

Besides, the amendments also states that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The amendments to HKAS 19 will become effective for annual periods beginning on or after 1 July 2014 with early application permitted.

The directors of the Company anticipate that the application of the amendments to HKAS 19 has had no material impact in the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective date not yet determined.

The directors of the Company 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.

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

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

Annual Improvement to HKFRSs 2012 – 2014 Cycle (Continued)

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

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) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent 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 accounting 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.

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

HKFRS 9 (2014) Financial Instruments (Continued)

- With regard to the measurement of financial liabilities designed as at fair value through profit or loss ("FVTPL"), HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL was presented in profit or loss.

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

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

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

HKFRS 15 Revenue from Contracts with Customers

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

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

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

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

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

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

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been completed.

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

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

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

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

i) when the intangible asset is expressed as a measure of revenue;

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment and for the amortisation of intangible asset, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

i) at cost;

ii) in accordance with HKFRS 9 (or HKAS 39); or

iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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 condition (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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

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

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's ownership interests in existing subsidiaries (Continued)

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). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Businesses combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

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 an associate and a joint venture

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in an associate and a joint venture (Continued)

If an associate and a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

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 and joint venture are 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 or joint venture's gains or losses resulting from these transactions is eliminated.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

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

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

Deposits received from customers prior to meeting the above criteria on revenue recognition are included in the consolidated statement of financial position under current liabilities.

Sub-letting income is recognised on a straight-line basis over the term of the lease.

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).

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interest in a joint venture, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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 rental deposits, loan and interest receivables, trade receivables, loan to and amount due from an associate, deposits and other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost, using the effective interest method, less any identified impairment losses (see the accounting policy in respect of impairment loss of financial assets below).

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

Available-for-sale financial assets

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

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

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

Impairment loss of financial assets

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

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 gain is included in the change in fair value of contingent consideration payable line item in profit or loss. Fair value is determined in a manner described in Note 6(c).

Other financial liabilities

Other financial liabilities (including trade payables, other payables and accruals and borrowings) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

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.

Employee benefits

(a) Defined contribution retirement benefit plans

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

(b) Employee entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

(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).

Fair value measurement

When measuring fair value, except for the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (Continued)

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

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

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT

In the application of the Group's accounting policies which are described in Note 3, the directors of the Company are required to make judgments, 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 of the Company have made in the process of applying the Group's accounting policies and have the most effect on the amounts recognised and disclosures made in the consolidated financial statements.

Income taxes

As at 31 December 2015, a deferred tax liability of approximately HK$44,567,000 (2014: HK$15,403,000) in relation to unrealised gain on financial assets at FVTPL has been recognised in the Group's consolidated statement of financial position. Judgement is required in determining the tax outcome on realisation of such investments. The Group intends to hold the financial assets at FVTPL for trading purpose and accordingly had determined the tax effect of the unrealised fair value gain on the basis of selling the assets in the foreseeable future. However, the actual outcome will be dependent on the timing of realisation of the assets at which time the cumulative gain may be non-taxable.

Key sources of estimation uncertainty

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

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 2015, the carrying amount of property, plant and equipment was approximately HK$39,387,000 (2014: HK$54,139,000) (net of accumulated impairment loss of approximately HK$12,226,000 (2014: HK$3,769,000).

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

Key sources of estimation uncertainty (Continued)

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

Determining the fair value of identifiable assets and liabilities of an associate at the acquisition date and the fair value of contingent consideration at the acquisition date and at 31 December 2015 require the directors of the Company to determine the appropriate valuation techniques and inputs for fair value measurements. The Group engages an independent professional qualified valuer to perform the valuation. The directors of the Company work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material difference in the fair value may arise. As at acquisition date of the associate, the fair value of identifiable assets and liabilities of an associate amounting to approximately HK$109,286,000 and the fair value of consideration amounting to approximately HK$87,198,000. Details of the acquisition are disclosed in Note 35(a).

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 of the Company 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 2015, the carrying amount of goodwill and intangible asset are approximately HK$6,186,000 (2014: HK$6,186,000) and HK$4,636,000 (2014: Nil) respectively. No impairment loss has been recognised during the year ended 31 December 2015 (2014: Nil).

Impairment of interest in an associate

Determining the recoverable amount requires an estimation of the value-in-use of the associate. The value-in-use calculation requires the directors of the Company 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 follows are less than expected, a material impairment loss may arise.

As at 31 December 2015, the carrying amount of interest in an associate is approximately HK$97,827,000 (2014: Nil). No impairment loss has been recognised in profit or loss (2014: Nil).

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

Key sources of estimation uncertainty (Continued)

Provision for reinstatement costs

Provision for reinstatement costs is estimated and reassessed at the end of each reporting period with reference to the latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual reinstatement costs upon closures or relocation of existing premises occupied by the Group. As at 31 December 2015, the carrying amount of provision for reinstatements cost was approximately HK$4,083,000. (2014: HK$3,879,000).

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

When there is objective evidence of impairment loss of loan and interest receivables, trade receivables and deposits and other receivables, the Group takes into consideration the estimation of future cash flows of respective loan and interest receivables, trade receivables and deposits and other receivables. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amounts of the Group's loan and interest receivables, trade receivables and deposits and other receivables were approximately HK$129,687,000 (2014: Nil), HK$9,112,000 (2014: HK$8,461,000) and HK$15,141,000 (2014: HK$10,362,000) respectively. No impairment loss has been recognised during the year ended 31 December 2015 (2014: Nil).

Income taxes

As at 31 December 2015, a deferred tax asset of approximately HK$5,458,000 (2014: HK$1,265,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the remaining tax losses of approximately HK$51,714,000 (2014: HK$16,899,000) 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 borrowings, net of pledged bank deposits and bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, 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 less pledged bank deposits and bank balances and cash) divided by the total of net debt and total equity.

Gearing ratios are not applicable to the Group as at 31 December 2015 and 2014 as the Group's bank balances and cash are more than its borrowings.

6. FINANCIAL RISK MANAGEMENT

6a. Categories of financial instruments

	2015 *HK$'000*	2014 *HK$'000*
Financial assets		
Available-for-sale investment	**2**	–
Loans and receivables (including bank balances and cash)	**264,816**	104,399
Financial assets at FVTPL – Held for trading	**422,569**	99,712
	687,387	204,111
Financial liabilities		
Financial liability at FVTPL	**94,780**	–
Other financial liabilities at amortised cost	**83,420**	52,872
	178,200	52,872

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6b. Financial risk management objectives and policies

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

Market risk

Interest rate risk

As at 31 December 2015, the Group is exposed to fair value interest rate risk in relation to loan receivables and unsecured other borrowing which carried at fixed rates. As at 31 December 2014, the Group was not exposed to any fair value interest rate risk.

As at 31 December 2015 and 2014, the Group is also exposed to cash flow interest rate risk in relation to variable rate borrowings, loan to an associate, pledged bank deposits and bank balances. Details of the loan to an associate, pledged bank deposits, bank balances and borrowings are disclosed in Notes 18, 24 and 27 respectively. It is the Group's policy to keep its borrowings, loan to an associate, pledged bank deposits and bank balances at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Prime Rate ("Prime Rate") and the best lending rate of the Hong Kong and Shanghai Banking Corporation ("HSBC") arising from the Group's secured bank borrowings and loan to an associate 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 of the Group's loan to an associate and borrowings to interest rates at the end of the reporting period. The analysis is prepared assuming that the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2014: 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 (2014: 100 basis points) in interest rates, with all other variables were held constant, would decrease/increase (2014: decrease/increase) the Group's profit after tax by approximately HK$262,000 (2014: HK$110,000).

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 of the Group manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The directors of the Company closely monitor the price risk and will consider hedging the risk exposure should the need arise.

For sensitivity analysis purpose, the sensitivity rate is 5% (2014: 5%). If the prices of the financial assets at FVTPL has been 5% (2014: 5%) higher/lower, the post-tax profit for the year ended 31 December 2015 would increase/decrease by approximately HK$17,642,000 (2014: HK$4,163,000) as a result of the fair value changes of financial asset at FVTPL.

Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

The Group has concentration of credit risk as 68% (2014: 69%) and 88% (2014: 88%) of the total trade receivables was due from the largest counterparty and the three (2014: three) largest counterparties within food products operation segment, respectively. As at 31 December 2015, the Group also has concentration of credit risk as 44% (2014: Nil) and 86% (2014: Nil) of the total loan and interest receivables was due from the largest counterparty and the four (2014: Nil) largest counterparties within money lending segment.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Credit risk (Continued)

The Group's concentration of credit risk by geographical locations is in Hong Kong which accounted for 100% of the total trade receivables as at 31 December 2015 and 2014.

The directors of the Company consider the credit risks associated with trade receivables is minimal as most of the trade receivables are due from reputable institutions or companies. The management considers the credit risk exposure associated with loan and interest receivables is limited as each of the loan receivable is secured by properties and corporate bonds of a listed entity with amounts over all its loan and interest receivables.

The directors of the Company consider that the credit risks associated with amount due from a non-controlling interest and loan to and amount due from an associate are under control, the directors of the Company have exercised due care in checking the financial position of the non-controlling interest and the associate.

In order to minimise the credit risk of other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk on other receivables is significantly reduced.

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

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 2015 and 2014, the Group had not breached any of the covenant clauses of its obligations under borrowings (Note 27).

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 maturity analysis for other non-derivative financial liabilities is prepared based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Liquidity risk (Continued)

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

	At 31 December 2014		
	Within one year or on demand *HK$'000*	Total Undiscounted cash flow *HK$'000*	Carrying amount *HK$'000*
Non-derivative financial liabilities			
Trade payables	13,823	13,823	13,823
Other payables and accruals	25,927	25,927	25,927
Borrowings *(Note i)*	13,339	13,339	13,122
	53,089	53,089	52,872

Notes:

(i) Mortgage loan and installment loans with a repayment on demand clause are included in the "within one year or on demand" time band in the above maturity analysis. At 31 December 2015, the aggregate undiscounted principal amount of these bank borrowings amounted to approximately HK$3,024,000 (2014: HK$5,459,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that the mortgage loan and installment loans will be repaid by 72 (2014: 84), Nil (2014: 33) and 14 (2014: 26) monthly installments after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$3,271,000 (2014: HK$5,959,000).

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Liquidity risk (Continued)

Notes: (Continued)

(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.

6c. Fair value measurements

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

			Fair value as at	
	Fair value hierarchy	**Valuation techniques and key inputs**	**31 December 2015** ***HK$'000***	31 December 2014 *HK$'000*
Financial assets				
Equity securities listed in Hong Kong classified as financial assets at FVTPL	Level 1	Quoted bid prices in an active market	**359,787**	99,712
Debt securities listed in Hong Kong and overseas classified as financial assets at FVTPL	Level 1	Quoted bid prices in an active market	**12,511**	–
Funds listed in Hong Kong classified as financial assets at FVTPL	Level 1	Quoted bid prices in an active market	**4,279**	–

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6c. Fair value measurements (Continued)

	Fair value hierarchy	Valuation techniques and key inputs	Fair value as at 31 December 2015 HK$'000	Fair value as at 31 December 2014 HK$'000
Financial assets				
Unlisted funds classified as financial assets at FVTPL	Level 1	Quotes from investment banks	**45,992**	–
			422,569	99,712
Financial liabilities				
Contingent consideration payable classified as financial liabilities at FVTPL *(Note)*	Level 3	Income approach – By reference to the present value of the expected future economic benefits to be derived based on an appropriate discount rate	**94,780**	–

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

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

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

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

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

(i) Catering services – The operation of a chain of restaurants.

(ii) Food products operation – The production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei.

(iii) Investments – Investments in securities.

(iv) Money lending – The provision of money lending business.

Notes:

(a) During the year ended 2015, catering services includes the operation of a chain of dessert catering restaurants and Chinese restaurants (2014: Chinese restaurant). As a result, the Group combines these operations under catering services as they have similar economic characteristics and are similar in the nature of production processes.

(b) The Group's money lending operation was newly introduced in the current year.

Segment revenues and results

Segment revenues represent revenue derived from the provision of catering services, sales of food products, gross proceeds from the disposal of investments, dividend income and interest income from both the financial assets at FVTPL and the provision of money lending business.

7. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

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

For the year ended 31 December

	Catering services		Food products operation		Investments		Money lending		Elimination		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	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	**374,493**	405,215	**88,818**	59,709	**18,991**	1,380	**3,413**	–	**(2,905)**	–	**482,810**	466,304
Revenue from external customers	**374,493**	405,215	**88,818**	59,709	**1,833**	–	**3,413**	–	**(2,905)**	–	**465,652**	464,924
Segment result	**(13,209)**	10,714	**1,288**	317	**140,031**	94,544	**2,855**	–	**–**	–	**130,965**	105,575
Unallocated income											**100**	166
Unallocated corporate expenses											**(15,916)**	(4,316)
Loss on fair value of contingent consideration payable	**(7,582)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(7,582)**	–
Share of profit of an associate	**11,653**	–	**–**	–	**–**	–	**–**	–	**–**	–	**11,653**	–
Share of loss of a joint venture											**–**	(1)
Finance costs											**(823)**	(626)
Profit before tax											**118,397**	100,798

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment (loss) profit represents the (loss) from/profit earned by each segment without allocation of bank interest income, interest income from loan to an associate, central administrative costs, directors' emoluments, loss on fair value of contingent consideration payable, share of profit of an associate, share of loss of a joint venture and finance costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessments.

7. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

As at 31 December

	Catering services		Food products operation		Investments		Money lending		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS										
Segment assets	**57,969**	89,703	**17,137**	18,369	**423,001**	99,712	**129,687**	–	**627,794**	207,784
Interest in an associate	**97,827**	–	**–**	–	**–**	–	**–**	–	**97,827**	–
Loan to an associate	**2,959**	–	**–**	–	**–**	–	**–**	–	**2,959**	–
Amount due from an associate	**29**	–	**–**	–	**–**	–	**–**	–	**29**	–
Unallocated corporate assets									**126,574**	78,135
Consolidated total assets									**855,183**	285,919
LIABILITIES										
Segment liabilities	**41,675**	42,214	**11,209**	8,925	**29,898**	–	**177**	–	**82,959**	51,139
Contingent consideration payable	**94,780**	–	**–**	–	**–**	–	**–**	–	**94,780**	–
Unallocated corporate liabilities									**51,045**	29,002
Consolidated total liabilities									**228,784**	80,141

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, interest in an associate, loan to an associate, interest in a joint venture, available-for-sale investment, deferred tax assets, income tax recoverable, pledged bank deposits, amount due from an associate, 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, contingent consideration payable 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) 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.

	Revenue from external customers For the year ended 31 December		Non-current assets *(Note)* As at 31 December	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	***HK$'000***	HK$'000
Hong Kong (country of domicile)	**465,558**	464,924	**48,960**	61,284
Singapore	**–**	–	**4,636**	–
People's Republic of China (the "PRC")	**94**	–	**–**	–
	465,652	464,924	**53,596**	61,284

Note: Non-current assets excluded interest in an associate, interest in a joint venture, financial instruments and deferred tax assets.

7. SEGMENT INFORMATION (CONTINUED)

Information about major customers

None of the Group's customers contributed 10% or more of the Group's total revenue during the years ended 31 December 2015 and 2014.

Other segment information

For the year ended 31 December 2015

	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)*	10,833	123	–	–	12,816	23,772
Depreciation	20,569	537	–	–	1,120	22,226
Amortisation	12	–	–	–	–	12
Gain on disposals/ written-off of property, plant and equipment	(538)	–	–	–	–	(538)
Impairment loss of property, plant and equipment	8,457	–	–	–	–	8,457
Gain on fair value of financial assets at FVTPL, net	–	–	(151,324)	–	–	(151,324)
Loss on disposal of financial assets at FVTPL	–	–	13,077	–	–	13,077
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interest income	(64)	(5)	–	–	(31)	(100)
Finance costs	207	497	48	–	71	823
Income tax expenses (credit)	4,009	(88)	24,134	–	37	28,092

7. SEGMENT INFORMATION (CONTINUED)

Information about major customers (Continued)

Other Segment information (Continued)

For the year ended 31 December 2014

	Catering services *HK$'000*	Food products operation *HK$'000*	Investments *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)*	2,400	3,923	–	8	6,331
Depreciation	21,480	735	–	8	22,223
Loss on disposals/written-off of property, plant and equipment	1,705	267	–	–	1,972
Loss on disposal of a subsidiary	237	–	–	–	237
Impairment loss of property, plant and equipment	3,769	–	–	–	3,769
Gain on fair value of financial assets at FVTPL	–	–	(93,351)	–	(93,351)
Gain on disposal of financial asset at FVTPL	–	–	(1,193)	–	(1,193)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:					
Interest income	(4)	(2)	–	(160)	(166)
Finance costs	271	355	–	–	626
Income tax expenses	4,433	72	15,600	55	20,160

Note: Non-current assets excluded interest in an associate, interest in a joint venture, financial instruments and deferred tax assets. It included approximately HK$4,648,000 (2014: HK$907,000) from acquisition of subsidiaries for the year ended 31 December 2015.

7. SEGMENT INFORMATION (CONTINUED)

Revenue from major products and services

The following is an analysis of the Group's revenue from sales of its major products and provision of services to external customers:

	2015	2014
	HK$'000	*HK$'000*
Catering services	**371,588**	405,215
Sale of food products	**88,818**	59,709
Interest and dividend income from securities investment	**1,833**	–
Interest income from money lending	**3,413**	–
	465,652	464,924

8. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Sub-letting income	**38**	38
Bank interest income	**41**	166
Interest income from loan to an associate	**59**	–
Sundry income	**858**	437
	996	641

9. PROFIT BEFORE TAX

	2015 HK$'000	2014 HK$'000
Profit before tax has been arrived at after charging (crediting):		
Other losses, net:		
Impairment loss of property, plant and equipment	**8,457**	3,769
(Gain) loss on disposals/written-off of property, plant and equipment	**(538)**	1,972
Loss on disposal of a subsidiary	**–**	237
	7,919	5,978
Employee benefits expenses (including directors' and chief executive's emoluments)		
Salaries, wages and other benefits	**156,692**	145,204
Contributions to retirement benefits schemes – defined contribution plan	**6,980**	6,448
	163,672	151,652
Auditor's remuneration	**1,200**	980
Kitchen consumables (included in other operating expenses)	**2,508**	3,043
Cleaning expenses (included in other operating expenses)	**4,577**	4,422
Operating lease rentals in respect of rented premises	**41,352**	37,637

10. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interests on borrowings	**619**	430
Unwinding of discount on provision for reinstatement costs *(Note 26)*	**204**	196
	823	626

11. INCOME TAX EXPENSES

	2015	2014
	HK$'000	*HK$'000*
Current income tax – Hong Kong:		
Current year provision	**3,635**	6,344
Overprovision in prior years	**(112)**	(785)
	3,523	5,559
Deferred income tax *(Note 28)*	**24,569**	14,601
	28,092	20,160

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

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

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

	2015	2014
	HK$'000	*HK$'000*
Profit before tax	**118,397**	100,798
Tax at the domestic income tax rate of 16.5% (2014: 16.5%)	**19,536**	16,632
Tax effect of income not taxable for tax purpose	**(299)**	(48)
Tax effect of expenses not deductible for tax purpose	**2,140**	965
Tax effect of deductible temporary differences not recognised	**3,006**	1,244
Tax effect of share of profit of an associate	**(1,923)**	–
Utilisation of tax losses not previously recognised	**(12)**	(311)
Tax effect of tax losses not recognised	**5,756**	2,463
Overprovision in prior years	**(112)**	(785)
Income tax expenses for the year	**28,092**	20,160

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

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

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

12. 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)

	Year ended 31 December 2014			
	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Contributions to retirement benefits scheme – defined contribution plan *HK$'000*	Total *HK$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings				
Executive directors:				
Mr. Wong Kwan Mo	–	–	–	–
Ms. Lau Lan Ying *(Note (a))*	–	–	–	–
Independent non-executive directors:				
Mr. Kwan Wai Yin, William	60	–	–	60
Mr. Li Fu Yeung	60	–	–	60
Ms. Chiu Man Yee	60	–	–	60
	180	–	–	180

Notes:

(a) Ms. Lau Lan Ying is also the chief executive of the Company for both years and her emoluments disclosed above include those for services rendered by her as the chief executive.

(b) Mr. Yu Ka Ho is newly appointed as an executive director with effect from 22 June 2015.

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

(d) Mr. Tam Lok Hang is newly appointed as an independent non-executive director with effect from 7 January 2016.

12. 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 (2014: Nil), details of whose emoluments are set out in Note 12(a) above. Details of the emoluments of the remaining four (2014: five) highest paid individuals were as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries and other benefits	**2,489**	2,458
Contributions to retirement benefits scheme – defined contribution plan	**72**	80
	2,561	2,538

Their emoluments were within the following bands:

	Number of individuals	
	2015	2014
HK$Nil to HK$1,000,000	**3**	4
HK$1,000,001 to HK$1,500,000	**1**	1
	4	5

During the years ended 31 December 2015 and 2014, no emoluments were paid by the Group to the five highest paid individuals, directors or the chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the chief executive of the Company and the five highest paid individuals waived or agreed to waive any emoluments paid by the Group.

The remuneration of directors and the chief executive of the Company is determined by the remuneration committee having regard to the performance of individual and market trends.

13. DIVIDENDS

During the year ended 31 December 2015, interim dividends amounting to HK$900,000 (2014: HK$900,000) was paid by a non-wholly owned subsidiary of the Company to its non-controlling shareholders.

No dividend was paid or proposed during the year ended 31 December 2015 nor has any dividend been proposed since the end of the reporting period (2014: Nil).

14. EARNINGS PER SHARE

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

	2015	2014
	HK$000	*HK$000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being profit for the year attributable to the owners of the Company	**90,249**	81,626

	2015	2014 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,332,766,397**	3,347,550,432

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the rights issue on 9 September 2015.

Diluted earnings per share for the years ended 31 December 2015 and 2014 is the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building	Leasehold improvements	Air-conditioning	Equipment and kitchen utensils	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1 January 2014	6,100	64,647	15,229	34,589	14,985	3,693	139,243
Additions	–	860	499	2,092	297	874	4,622
Acquired on acquisition of subsidiaries *(Note 35)*	–	336	9	562	–	–	907
Disposal of a subsidiary *(Note 36)*	–	(367)	(62)	(504)	(41)	–	(974)
Written-offs/disposals	–	(1,766)	–	(1,141)	(289)	(60)	(3,256)
At 31 December 2014 and 1 January 2015	6,100	63,710	15,675	35,598	14,952	4,507	140,542
Additions	–	3,327	14	1,650	144	11,561	16,696
Written-offs/disposals	–	–	–	(50)	–	(1,140)	(1,190)
At 31 December 2015	6,100	67,037	15,689	37,198	15,096	14,928	156,048
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2014	230	29,969	7,959	13,909	9,131	972	62,170
Provided for the year	153	10,611	2,173	6,666	1,849	771	22,223
Eliminated on written-offs/disposals	–	(718)	–	(378)	(98)	(10)	(1,204)
Impairment loss recognised for the year	–	1,749	334	1,361	325	–	3,769
Disposal of a subsidiary *(Note 36)*	–	(282)	(39)	(222)	(12)	–	(555)
At 31 December 2014 and 1 January 2015	383	41,329	10,427	21,336	11,195	1,733	86,403
Provided for the year	153	11,173	1,979	5,627	1,535	1,759	22,226
Eliminated on written-offs/disposals	–	–	–	(50)	–	(375)	(425)
Impairment loss recognised for the year	–	4,133	1,075	2,842	407	–	8,457
At 31 December 2015	536	56,635	13,481	29,755	13,137	3,117	116,661
CARRYING VALUES							
At 31 December 2015	5,564	10,402	2,208	7,443	1,959	11,811	39,387
At 31 December 2014	5,717	22,381	5,248	14,262	3,757	2,774	54,139

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Leasehold land held for own use under finance lease	Unexpired term of lease
Building held for own use	2.5% or unexpired term of lease, if shorter
Leasehold improvements	20% or over the lease term, whichever is shorter
Air-conditioning	20% or over the lease term, whichever is shorter
Equipment and kitchen utensils	20%
Furniture and fixtures	20%
Motor vehicles	20%

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

The land and building with a net carrying value of approximately HK$5,564,000 (2014: HK$5,717,000) has been pledged to secure bank borrowings of the Group. Details of borrowings are set out in Note 27.

During the year, the directors of the Company conducted a review of the Group's property, plant and equipment and determined that a number of those assets were impaired due to adversely affected by the unfavorable market condition in Hong Kong. Accordingly, impairment losses approximately of HK$4,133,000 (2014: HK$1,749,000), HK$1,075,000 (2014: HK$334,000), HK$2,842,000 (2014: HK$1,361,000) and HK$407,000 (2014: HK$325,000) respectively have been recognised in respect of leasehold improvements, air-conditioning, equipment and kitchen utensils and furniture and fixtures respectively which are used in the catering services segment. The recoverable amounts of the relevant assets have been determined on the basis of fair value less costs of disposal using the market approach with reference to the recent sales prices of similar assets within the same industry, adjusting differences such as condition and timing of transaction, which is within Level 3 fair value hierarchy. In estimating the fair value of those impaired assets, the directors of the Company assumed that the assets will be sold at the respective existing state.

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

	Level 3	Recoverable amount/ fair value as at 31 December 2014
	HK$'000	*HK$'000*
Leasehold improvements	5,240	5,240
Air-conditioning	1,083	1,083
Equipment and kitchen utensils	3,965	3,965
Furniture and fixtures	877	877

There was no transfer in or out of Level 3 during both years.

16. GOODWILL

	HK$'000
COST	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	6,186
ACCUMULATED IMPAIRMENT	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	–
CARRYING VALUES	
At 31 December 2015	6,186
At 31 December 2014	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 of the Group covering a 5-year period and a pre-tax discount rate of 16.1% (2014: 16.5%). Cash flows beyond the 5-year period has been extrapolated using a steady 3.5% (2014: 3.5%) growth rate. This growth rate is based on relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of this CGU to exceed the aggregate recoverable amount of this CGU. The directors of the Company considered that no impairment should be recognised on the goodwill as at 31 December 2015 and 2014.

17. INTANGIBLE ASSET

	Exclusive rights *HK$'000*
COST	
Arising on acquisition of a subsidiary *(Note 35(b))* during the year and at 31 December 2015	4,648
AMORTISATION	
Amortisation during the year and at 31 December 2015	12
CARRYING VALUE	
At 31 December 2015	4,636
At 31 December 2014	–

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

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

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

	2015 *HK$'000*	2014 *HK$'000*
Cost of unlisted investment in an associate	**92,654**	–
Share of post-acquisition profit and other comprehensive income *(Note (a))*	**5,355**	–
Share of other reserve *(Note (b))*	**(182)**	–
	97,827	–
Loan to an associate *(Note (c))*	**2,959**	–
Amount due from an associate *(Note (d))*	**29**	–

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

Notes:

(a) A gain on acquisition of approximately HK$16,707,000 was recognised and included in the share of profit of an associate for the year. Details of which are set out in Note 35(a).

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

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

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

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

Name of entity	Form of entity	Country of incorporation/ registration	Place/Principal place of operation	Issued and paid up/ registered capital	Proportion of ownership interests or participating shares held by the Group		Proportion of voting power held	Principal activity
					Directly	Indirectly		
Lucky Dessert (China) Holdings Limited	Incorporated	British Virgin Islands ("BVI")	Hong Kong	United States Dollars ("USD") 100	49%	–	49%	Investment holding
Lucky Dessert (China) Limited	Incorporated	Hong Kong	Hong Kong	HK$100	–	49% (Note)	49%	Investment holding
Lucky Dessert Catering Management (Shenzhen) Limited#	Incorporated	The PRC	The PRC	HK$3,050,000	–	49% (Note)	49%	Trademark holding, catering management and consulting
Tianjin Kai Wo Loire Catering Company Limited#	Incorporated	The PRC	The PRC	Renminbi ("RMB") 1,000,000	–	49% (Note)	49%	Restaurant operations
Tianjin Kai Qian Zhong Yuan Catering Company Limited#	Incorporated	The PRC	The PRC	RMB1,000,000	–	49% (Note)	49%	Restaurant operations

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

Translated English names of Chinese entities for which no official English translation exists are unofficial translation for identification purposes, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.

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

18. INTEREST IN AN ASSOCIATE (CONTINUED)

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

	2015 *HK$'000*	2014 *HK$'000*
Current assets	3,566	–
Non-current assets	270,301	–
Current liabilities	(7,117)	–
Non-current liabilities	(67,104)	–
	199,646	–

	2015 *HK$'000*	2014 *HK$'000*
Revenue	2,856	–
Loss for the year	(10,313)	–
Other comprehensive expense for the year	(12,853)	–
Total comprehensive expense for the year	(23,166)	–

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

	2015 *HK$'000*	2014 *HK$'000*
Net assets of an associate	199,646	–
Proportion of the Group's ownership interest in the associate	49%	–
Carrying amount of the Group's interest in the associate	97,827	–

19. INTEREST IN A JOINT VENTURE

	2015 **HK$'000**	2014 *HK$'000*
Cost of unlisted investment in Hong Kong	–	5
Share of post-acquisition losses and other comprehensive expenses	–	(5)
	–	–

As at 31 December 2014, the Group had interest in the following joint venture:

Name of entity	Form of business structure	Country of incorporation/ operation	Issued and paid-up capital	Proportion of equity interest and voting power directly attributable to the Group		Principal activity
				2015	2014	
Hong Kong Beverage and Catering Management Limited ("HKBC")	Incorporated	Hong Kong	HK$10,000	–	50%	Investment holding

On 9 November 2015, the Group has further acquired 50% of the issued share capital of HKBC for a cash consideration of HK$5,000 and thereafter HKBC becomes a wholly-owned subsidiary of the Group. The transaction was completed on 9 November 2015. Details are set out in Note 35(c).

The summarised financial information, in aggregate of the Group's interest in a joint venture that was not individually material and was accounted for using the equity method was set out below:

	2015 **HK$'000**	2014 *HK$'000*
The Group's share of loss and post-tax loss for the year	–	1

19. INTEREST IN A JOINT VENTURE (CONTINUED)

The Group had stopped recognising its share of losses of its joint venture when applying the equity method. The unrecognised share of the joint venture for the year ended 31 December 2014 was set out below:

	2015 HK$'000	2014 HK$'000
The unrecognised share of losses of a joint venture for the year	–	1
Accumulative unrecognised share of losses of a joint venture	N/A	1

20. INVENTORIES

	2015 HK$'000	2014 HK$'000
Food and beverages	7,197	7,724
Consumables	1,018	395
	8,215	8,119

21. LOAN AND INTEREST RECEIVABLES

	2015 HK$'000	2014 HK$'000
Fixed-rate loan receivables	128,178	–
Interest receivables	1,509	–
	129,687	–
Loan receivables analysed for reporting purpose as:		
Non-current assets	56,500	–
Current assets	73,187	–
	129,687	–

21. 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 of the Company and/or its subsidiaries, where appropriate, whilst overdue balances are reviewed regularly by senior management of the Company.

The Group holds real estates and corporate bond as collaterals with amounts over all its 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 loans provided to debtors bore fixed interest rate ranging from 3% to 24% per annum and will be repayable on maturity with a maturity period ranged from 1 month to 3 years.

Included in the balance as at 31 December 2015 was approximately HK$1,400,000 (2014: Nil) due from a non-controlling interest. The amount bore an interest of 6 % per annum, secured by a property located in Hong Kong and will be repayable in 2016.

As at 31 December 2015, the Group held collaterals of real estates and corporate bond with fair values of approximately HK$192,933,000 in total which are over the financing advances to those debtors.

Certain individual loan receivable as significant and the terms and conditions of the loan receivable are disclosed in the Company's announcements dated 19 June 2015 and 16 October 2015.

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

	2015	2014
	HK$'000	*HK$'000*
Within one year	**73,187**	–
After one year but within two years	**56,500**	–
	129,687	–

21. 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:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	3,180	–
31– 60 days	29,189	–
61– 90 days	53,627	–
Over 90 days	43,691	–
	129,687	–

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

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	117,366	–
Past due:		
1 – 90 days	629	–
91 – 180 days	358	–
Over 181 days	11,334	–
	129,687	–

Note:

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

22. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 *HK$'000*	2014 *HK$'000*
Non-current		
Rental deposits	**7,703**	11,271
Current		
Trade receivables	**9,112**	8,461
Prepayments, deposits and other receivables *(Note)*	**17,163**	18,937
	26,275	27,398

Note: Included in the balance as at 31 December 2015 was approximately HK$498,000 (2014: HK$2,567,000) due from a non-controlling interest. The amount was interest-free, unsecured and repayable on demand.

The aging 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:

	2015 *HK$'000*	2014 *HK$'000*
Within 30 days and neither past due nor impaired	**9,110**	8,398
1 – 30 days	**2**	28
31 – 60 days	**–**	35
	9,112	8,461

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

The Group's sales are mainly conducted in cash or by credit cards. Certain customers are granted a credit period of 30 days.

Included in the Group's trade receivables balance were receivables of approximately HK$2,000 (2014: HK$63,000) that were past due as at 31 December 2015 for which the Group has not provided for impairment loss because there is no recent history of default.

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

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

	2015	2014
	HK$'000	*HK$'000*
1 – 30 days	**2**	28
31 – 60 days	**–**	35
	2	63

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	*HK$'000*
Unlisted investments		
– Unlisted funds	**45,992**	–
Listed investments		
– Equity securities listed in Hong Kong	**359,787**	99,712
– Debt securities (Note)	**12,511**	–
– Funds listed in Hong Kong	**4,279**	–
	422,569	99,712

Note: Debt securities carry fixed interest rate ranging from 6.375% to 7.5% and without maturity. The debt securities are listed in Hong Kong and overseas.

At 31 December 2015, the carrying amount of financial assets at FVTPL which have been pledged as security for the Group's borrowing is approximately HK$55,357,000 (2014: Nil). Details of borrowings are set out in Note 27.

24. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

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

Pledged bank deposit as at 31 December 2015 of approximately HK$1,523,000 (2014: HK$1,500,000) was pledged to a bank for the issuance of a letter of guarantee in favour of the Group (Note 27) that will be expiring within (2014: after) twelve months from the end of the reporting period and is classified as current asset (2014: non-current asset).

Pledged bank deposits as at 31 December 2015 of approximately HK$2,008,000 (2014: HK$3,505,000) were pledged to banks for short-term banking facilities, accordingly, the pledged bank deposits are classified as current asset.

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

	2015 ***HK$'000***	2014 *HK$'000*
Trade payables	**15,481**	13,823
Payables for acquisition of property, plant and equipment	**1,166**	2,698
Other payables	**2,864**	3,708
Consideration payable *(Note 35(b))*	**2,200**	–
Accruals	**25,940**	19,521
Deposits received	**5,912**	7,510
	38,082	33,437
	53,563	47,260

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.

25. TRADE PAYABLES, OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED (CONTINUED)

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

	2015 *HK$'000*	2014 *HK$'000*
Within 30 days	**12,171**	10,228
31 – 60 days	**3,259**	3,555
61 – 90 days	**20**	4
Over 90 days	**31**	36
	15,481	13,823

Included in trade payables as at 31 December 2015 was amounts due to companies controlled by executive directors of the Company of approximately HK$1,319,000 (2014: HK$1,593,000) which are interest-free, unsecured and repayable within 30 days after the end of the month in which the relevant purchases are made.

Included in accruals as at 31 December 2015 were disbursements payable to an executive director amounting to HK$575,000 (2014: Nil) and accrued director's emolument amounting to HK$86,000 (2014: Nil).

26. PROVISION FOR REINSTATEMENT COSTS

	2015 *HK$'000*	2014 *HK$'000*
At 1 January	**3,879**	3,770
Unwinding of discount on provision *(Note 10)*	**204**	196
Disposal of a subsidiary *(Note 36)*	**–**	(87)
At 31 December	**4,083**	3,879
Analysed into		
Current portion	**762**	559
Non-current portion	**3,321**	3,320
	4,083	3,879

26. PROVISION FOR REINSTATEMENT COSTS (CONTINUED)

Provision for reinstatement costs is recognised at the present value of costs to be incurred for the reinstatement of the properties used by the Group for its operations upon expiration of the relevant leases.

The discount rate applied to provision for reinstatement cost as at 31 December 2015 is 5.25% (2014: 5.25%).

27. BORROWINGS

	2015 ***HK$'000***	2014 *HK$'000*
Mortgage loan, repayable on demand	**1,858**	2,132
Instalment loans, repayable on demand	**1,166**	3,327
Bank loans (Note)	**30,848**	2,418
Bank overdrafts	**497**	5,245
Secured bank borrowings	**34,369**	13,122
Unsecured other borrowing	**1,400**	–
	35,769	13,122

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

The facility agreements of mortgage loan and instalment loans contain repayment on demand clauses pursuant to which the banks can at their discretion demand repayment of the entire outstanding balances from the Group in the absence of any defaults.

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

	Mortgage loan	**Instalment loans**	
Carrying amount *(HK$'000)*			
– 31 December 2015	1,858	–	1,166
– 31 December 2014	2,132	1,161	2,166
Contractual instalments	120	60	36
Outstanding instalments			
– 31 December 2015	72	–	14
– 31 December 2014	84	33	26

27. BORROWINGS (CONTINUED)

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

	2015 **HK$'000**	2014 HK$'000
Within one year	**34,029**	9,341
After one year but within two years	**461**	1,709
After two years but within five years	**944**	1,413
More than 5 years	**335**	659
	35,769	13,122

Mortgage loan carries interest at Prime Rate less 1.75% (2014: Prime Rate less 1.75%) per annum.

Instalment loans carries interest at Prime Rate to Prime Rate plus 0.5% (2014: Prime Rate to Prime Rate plus 0.5%) per annum.

Bank loans carries interest at Prime Rate/Base Rate plus 0.25% to 1.25% (2014: Prime Rate plus 0.25%) per annum.

Bank overdrafts carries interest at Prime Rate plus a margin, ranging from 0.5% to 2% (2014: 0.5% to 2%) per annum.

As at 31 December 2015, unsecured other borrowing was due to a non-controlling interest, carries interest at a fixed rate of 6 % per annum and repayable on 16 November 2016.

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

	2015 **HK$'000**	2014 HK$'000
Mortgage loan	**3.5%**	3.5%
Instalment loans	**5.75%**	5% to 5.75%
Bank loans	**1.686% to 6%**	5.75%
Bank overdrafts	**7.25%**	5.5% to 7.25%
Unsecured other borrowing	**6%**	–

27. BORROWINGS (CONTINUED)

As at 31 December 2015, the Group had aggregate banking facilities of approximately HK$48,510,000 (2014: HK$14,798,000) for loans and other facilities (including letter of guarantee). Unused facilities as at the same date amounted to approximately HK$11,299,000 (2014: HK$980,000). These facilities were secured by:

(a) The Group's pledged bank deposits amounting to approximately HK$3,531,000 (2014: HK$5,005,000) as at 31 December 2015;

(b) The Group's financial assets at FVTPL amounting to approximately HK$55,357,000 (2014: Nil) as at 31 December 2015;

(c) Leasehold land and building with a carrying amount of approximately HK$5,564,000 (2014: HK$5,717,000) as at 31 December 2015;

(d) Guarantee from Hong Kong Mortgage Corporation Limited and the government of Hong Kong Special Administrative Region; and

(e) Unlimited guarantees from a non-controlling shareholder and a director of a subsidiary.

In addition, certain business credit cards were guaranteed by Mr. Wong Kwan Mo and Ms. Lau Lan Ying, the executive directors of the Company and a non-controlling interest, to the extent of HK$136,000 (2014: HK$138,000) in aggregate.

28. DEFERRED TAX

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

	2015 ***HK$'000***	2014 *HK$'000*
Deferred tax assets	**8,560**	4,103
Deferred tax liabilities	**(45,685)**	(16,659)
	(37,125)	(12,556)

As at 31 December 2015, deferred tax liabilities of HK$5,458,000 (2014: HK$1,214,000) have been presented as an offset to deferred tax asset of the same taxable entity in the consolidated statement of financial position.

28. DEFERRED TAX (CONTINUED)

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

	Decelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
Deferred tax assets			
At 1 January 2014	1,661	1,915	3,576
Credited (charged) to profit or loss	1,177	(650)	527
At 31 December 2014 and 1 January 2015	**2,838**	**1,265**	**4,103**
Credited to profit or loss	**264**	**4,193**	**4,457**
At 31 December 2015	**3,102**	**5,458**	**8,560**

	Accelerated tax depreciation *HK$'000*	Unrealised gain on financial assets at FVTPL *HK$'000*	Total *HK$'000*
Deferred tax liabilities			
At 1 January 2014	(1,478)	–	(1,478)
Acquisition of subsidiaries *(Note 35)*	(53)	–	(53)
Credited (charged) to profit or loss	275	(15,403)	(15,128)
At 31 December 2014 and 1 January 2015	**(1,256)**	**(15,403)**	**(16,659)**
Credited (charged) to profit or loss	**138**	**(29,164)**	**(29,026)**
At 31 December 2015	**(1,118)**	**(44,567)**	**(45,685)**

28. DEFERRED TAX (CONTINUED)

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 2015, the Group had tax losses carry-forwards and other deductible temporary differences of approximately HK$84,792,000 (2014: HK$24,563,000) and HK$45,391,000 (2014: HK$25,773,000) respectively. Tax losses can be carried forward against future taxable income indefinitely.

As at 31 December 2015, the Group did not recognise deferred tax assets in respect of tax losses and deductible temporary differences of approximately HK$51,714,000 (2014: HK$16,899,000) and HK$26,593,000 (2014: HK$8,372,000) respectively due to the unpredictability of future profit stream.

29. SHARE CAPITAL

	Nominal value	**Number of shares**	**Share capital** *HK$'000*
Authorised			
Ordinary shares			
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	0.001	100,000,000,000	100,000
Issued and fully paid			
Ordinary shares			
At 1 January 2014, 31 December 2014 and 1 January 2015	0.001	3,200,000,000	3,200
Placing of new shares *(Note (i))*	0.001	160,000,000	160
Placing and subscription of new shares *(Note (ii))*	0.001	480,000,000	480
Issue of shares under rights issue *(Note (iii))*	0.001	1,920,000,000	1,920
Placing and subscription of new shares *(Note (iv))*	0.001	768,000,000	768
At 31 December 2015		6,528,000,000	6,528

29. SHARE CAPITAL (CONTINUED)

Notes:

(i) On 9 March 2015, the Company entered into a private placing agreement with a placing agent for the placing of an aggregate 160,000,000 new ordinary shares of the Company at a placing price of HK$0.125 per share. The gross proceeds raised amounted to HK$20,000,000 (before transaction costs of approximately HK$541,000) and resulted in the net increase in share capital and share premium of HK$160,000 and HK$19,299,000 respectively. The placing was completed on 26 March 2015. Details of the placing are set out in the Company's announcements dated 9 March 2015 and 26 March 2015 respectively.

(ii) On 6 May 2015, the Company entered into a private placing and subscription agreement with a placing agent and KMW Investments Limited ("KMW"), a substantial shareholder of the Company, for the placing and subscription of an aggregate 480,000,000 new ordinary shares of the Company at a placing price of HK$0.193 per share. The gross proceeds raised amounted to HK$92,640,000 (before transaction costs of HK$1,126,000) and resulted in the net increase in share capital and share premium of HK$480,000 and HK$91,034,000 respectively. The placing and subscription was completed on 19 May 2015. Details of the placing and subscription are set out in the Company's announcements dated 6 May 2015 and 19 May 2015 respectively.

(iii) On 9 September 2015, 1,920,000,000 ordinary shares were issued and alloted to the shareholders of the Company on the basis of one right share for every two ordinary shares for consideration of HK$0.105 per share. The gross proceeds raised amounted to HK$201,600,000 (before transaction costs of approximately HK$3,889,000) and resulted in the net increase in share capital and share premium of approximately HK$1,920,000 and HK$195,791,000 respectively. The rights issue was completed on 9 September 2015. Details of the rights issue are set out in the Company's announcement dated 8 September 2015.

(iv) On 18 December 2015, the Company entered into a private placing and subscription agreement with the placing agent and KMW for placing and subscription of an aggregate 768,000,000 placing shares of the Company at a placing price of HK$0.036 per share. The gross proceeds raised amounted to HK$27,648,000 (before transaction costs of approximately HK$724,000) and resulted in the net increase in share capital and share premium of approximately HK$768,000 and HK$26,156,000 respectively. The placing and subscription was competed on 28 December 2015. Details of the placing and subscription are set out in the Company's announcements dated 28 December 2015.

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

30. 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 of the Company 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 (i.e 3,200,000,000 ordinary shares after the adjustment of the share sub-division on 12 January 2012) unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit.

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

The total number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of grant of each eligible participant shall not exceed 1% of the total issued shares unless (i) a shareholders' circular is dispatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the 1% limit referred to in this paragraph; and (iii) the relevant eligible participant and its associates abstain from voting on such resolution.

The exercise price of the option shares granted under the Share Option Scheme may be determined by the board of directors of the Company 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; (iii) the nominal value of a share.

30. SHARE OPTION SCHEME (CONTINUED)

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

Options granted under the Share Option Scheme must be taken up within 28 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK$1 to the Company as consideration for the grant. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, and 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 of directors of the Company 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.

No share options have been granted since the adoption of the Share Option Scheme and there were no share option outstanding as at 31 December 2015 (2014: Nil).

31. OPERATING LEASE COMMITMENTS

(a) As lessor

Property rental income earned during the year was approximately HK$38,000 (2014: HK$38,000). The Group sub-lets its rented premises under an operating lease arrangement with no fixed lease term. The term of the lease generally requires the tenant to pay security deposits.

As at 31 December 2015, the Group did not have future minimum lease receivable (2014: Nil).

(b) As lessee

The Group leases certain of its restaurants, office premises, warehouses and a yacht under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to eleven years (2014: two to six 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:

	2015 ***HK$'000***	2014 *HK$'000*
Within one year	**41,146**	38,251
In the second to fifth years inclusive	**39,810**	65,234
Over five years	**6,700**	–
	87,656	103,485

32. CAPITAL COMMITMENTS

	2015	2014
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**538**	422

33. 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$25,000 from 1 January 2014 to 31 May 2014 and HK$30,000 thereafter 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$6,980,000 (2014: HK$6,448,000) represents contributions payable to these schemes by the Group in respect of the current accounting period at rates specified in the rules of the plans.

34. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

The Group had the following significant transactions with companies controlled and beneficially owned by the executive directors of the Company and their close family members during both years:

	Notes	2015 HK$'000	2014 HK$'000
Rental expenses paid to related companies*	*i*	**11,160**	9,960
Rental expense to a related party	*i*	**1,400**	–
Purchase of goods from related companies*	*ii*	**7,858**	7,408
Purchase of goods from a related company	*ii*	**578**	555
Interest income received from loan to an associate	*iii*	**59**	–

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

Notes:

(i) Rental expenses were charged according to the terms of the rental agreement entered into between the parties.

(ii) Purchases of goods from related companies were made on a mutually agreed basis.

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

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other arrangements with related parties

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the years ended 31 December 2015 and 2014 are as follows:

	2015	2014
	HK$'000	*HK$'000*
Short-term benefits	**1,896**	1,188
Post-employment benefits	**28**	17
	1,924	1,205

(c) Other transactions with related parties

(i) On 19 December 2014, Food Idea Group Limited ("Food Idea"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Wong Tai Chun ("Mr. Wong") (as amended and supplemented by two supplemental agreements dated 13 February 2015 and 24 March 2015 respectively) in respect of the acquisition of the entire equity interests in Brilliant Forever Limited ("Brilliant Forever"), a company incorporated in the BVI with limited liability, at a maximum consideration of HK$100,000,000. Mr. Wong is the son of Mr. Wong Kwan Mo and Ms. Lau Lan Ying, who are the executive directors and substantial shareholders of the Company.

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

The acquisition was completed on 29 April 2015. Details of which are set out in Note 35(a).

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Other transactions with related parties (Continued)

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

Details of which are set out in Note 18.

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

35. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2015

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

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

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

The transaction was completed on 29 April 2015.

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

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2015 (Continued)

(a) (Continued)

Consideration transferred

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

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

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

Net cash outflow on acquisition

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

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2015 (Continued)

(a) (Continued)

Net cash outflow on acquisition (Continued)

Notes:

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

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

The contingent consideration payable will be payable by issuing a promissory note, which carries interest at the prime rate from time to time quoted from the HSBC plus 1% per annum on the outstanding principal amount and payable on the maturity date, and will mature on the second anniversary from the date of issue of the promissory note.

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

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

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2015 (Continued)

(b) (Continued)

Consideration transferred

	HK$'000
Consideration payable *(Note 25)*	2,200
Transaction cost attributable to the acquisition	173
	2,373

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

	HK$'000
Intangible asset *(Note 17)*	4,648
Prepayment	5
Other payables	(166)
	4,487
Non-controlling interests	(2,114)
	2,373

Net cash outflows on acquisition

	HK$'000
Transaction costs attributable to the acquisition	173

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2015 (Continued)

(c) On 9 November 2015, the Group has further acquired 50% of the issued share capital of HKBC for a cash consideration of HK$5,000 and thereafter HKBC becomes the wholly-owned subsidiary of the Company. The transaction was completed on 9 November 2015. The acquisition has been accounted for an acquisition of assets as HKBC has not commenced any business at the date of acquisition, i.e. 9 November 2015.

Consideration transferred

	HK$'000
Cash	**5**

The identifiable asset recognised at the date of acquisition is as follows:

	HK$'000
Other receivable	**5**

Cash outflow on acquisition

	HK$'000
Cash consideration paid	**5**

For the year ended 31 December 2014

On 1 May 2014, Lucky Great Investment Limited (a non-wholly owned subsidiary of the Company) acquired 58% equity interests in each of Nicecity Limited ("Nicecity") and Excellent Catering Management Limited ("Excellent Catering") with an aggregate cash consideration of HK$3,750,000 for the expansion of operation into production, sales and distribution of food products. The directors of the Company considered that the acquisition of Nicecity and Excellent Catering will benefit the Group through synergies. The acquisition of Nicecity and Excellent Catering had been accounted for using the acquisition method. Nicecity and Excellent Catering are principally engaged in the production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei, in Hong Kong.

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2014 (Continued)

Consideration transferred

	HK$'000
Cash	3,750

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	907
Trade receivables	7,702
Prepayments, deposits and other receivables	2,817
Pledged bank deposits	3,503
Bank balances and cash	210
Trade payables	(8,528)
Other payables and accruals	(2,561)
Income tax payable	(94)
Deferred tax liabilities	(53)
Borrowings (included bank overdrafts of approximately HK$1,915,000)	(8,103)
	(4,200)

The fair value of trade receivables and deposits and other receivables at the date of acquisition amounted to approximately HK$10,519,000. The gross contractual amounts of those trade receivables and deposits and other receivables acquired amounted to approximately HK$10,519,000 at the date of acquisition. No estimated uncollectible contractual cash flows were expected at the acquisition date.

Goodwill arising on acquisition

	HK$'000
Consideration transferred	3,750
Less: non-controlling interests (at proportionate share of net assets)	(1,764)
Add: net liabilities acquired	4,200
Goodwill arising on acquisition	6,186

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2014 (Continued)

Goodwill arising on acquisition (Continued)

Goodwill arose in the acquisition of Nicecity and Excellent Catering because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Nicecity and Excellent Catering. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the acquisition was not expected to be deductible for tax purposes.

Acquisition-related costs amounting to approximately HK$340,000 had been recognised as an expense during the year ended 31 December 2014, within the other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

Net cash outflow arising on acquisition of Nicecity and Excellent Catering

	HK$'000
Cash consideration paid	(3,750)
Cash and cash equivalents acquired	
Bank balances and cash	210
Bank overdrafts (included in borrowings)	(1,915)
	(5,455)

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2014 was approximately HK$317,000 attributable to the additional business generated by Nicecity and Excellent Catering. Revenue for the year ended 31 December 2014 included approximately HK$59,709,000 generated from Nicecity and Excellent Catering.

Had the acquisition of Nicecity and Excellent Catering been completed on 1 January 2014, total revenue of the Group for the year would have been approximately HK$497,737,000, and profit for the year would have been approximately HK$84,539,000. The pro-forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor was it intended to be a projection of future results.

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2014 (Continued)

Impact of acquisition on the results of the Group (Continued)

In determining the "pro-forma" profit of the Group had Nicecity and Excellent Catering been acquired at the beginning of the current year, the directors of the Company had calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the preacquisition financial statements.

36. DISPOSAL OF A SUBSIDIARY

For the year ended 31 December 2014

On 30 September 2014, the Group disposed of its entire equity interests in Home-made Cuisine Catering Limited ("HMC") to an independent third party for a cash consideration of HK$370,000. The net assets of HMC at the date of disposal were as follows:

Consideration received

	HK$'000
Cash received	370

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	419
Inventories	1
Trade receivables	21
Prepayments, deposits and other receivables	414
Bank balances and cash	142
Trade payables	(100)
Other payables, accruals and deposits received	(203)
Provision for reinstatement costs	(87)
Net assets disposed of	607

36. DISPOSAL OF A SUBSIDIARY (CONTINUED)

For the year ended 31 December 2014 (Continued)

Loss on disposal of a subsidiary:

	HK$'000
Cash consideration received	370
Net assets disposed of	(607)
Loss on disposal	(237)

Net cash inflow arising on disposal of HMC:

	HK$'000
Cash consideration received	370
Less: bank balances and cash disposed of	(142)
	228

37. CHANGE IN OWNERSHIP OF INTEREST IN A SUBSIDIARY

For the year ended 31 December 2014

On 31 December 2014, the Group acquired additional 40% equity interests in Home-made Cuisine Investments Limited ("HMI") from the non-controlling shareholders for an aggregate cash consideration of HK$200,000 and recorded a loss of HK$1,420,000 (recorded in other reserve under equity). Following such acquisition the Group's interest in HMI become 100%.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015	2014
	HK$'000	*HK$'000*
Non-current assets		
Investment in subsidiaries	**13,086**	13,086
Property, plant and equipment	**167**	241
	13,253	13,327
Current assets		
Prepayments, deposits and other receivables	**191**	299
Amounts due from subsidiaries	**403,775**	38,778
Income tax recoverable	**111**	111
Bank balances and cash	**750**	30,951
	404,827	70,139
Current liability		
Other payables	**1,390**	1,165
Net current assets	**403,437**	68,974
	416,690	82,301
Capital and reserves		
Share capital	**6,528**	3,200
Reserves *(Note)*	**410,162**	79,101
	416,690	82,301

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

Note: Reserves

	Share premium *HK$'000*	Capital reserve *HK$'000* *(Note)*	Retained profits (accumulated losses) *HK$'000*	Total *HK$'000*
At 1 January 2014	65,421	12,706	813	78,940
Profit and other comprehensive income for the year	–	–	161	161
At 31 December 2014 and 1 January 2015	**65,421**	**12,706**	**974**	**79,101**
Loss and other comprehensive expense for the year	**–**	**–**	**(1,219)**	**(1,219)**
Issue of new shares	**338,560**	**–**	**–**	**338,560**
Transaction costs attribute to the issue of new shares	**(6,280)**	**–**	**–**	**(6,280)**
At 31 December 2015	**397,701**	**12,706**	**(245)**	**410,162**

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

39. PARTICULARS OF PRINCIPAL SUBSIDARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Group as at 31 December 2015 and 2014 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		Principal activities
			Direct	Indirect	
GR Holdings Limited ("GR Holdings")	Samoa	USD100	100%	–	Investment holding
Gayety Limited	Hong Kong	HK$1	–	100%	Restaurant operations, license holding and securities investment
Jubilant Company Limited	Hong Kong	HK$1	–	100%	Central procurement operations

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

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid up ordinary share capital	Percentage of ownership interest attributable to the Company		Principal activities
			Direct	Indirect	
Red Seasons Limited	Hong Kong	HK$2	–	100%	Restaurant operations and license holding
Red Seasons Corporation Limited	Hong Kong	HK$2	–	100%	Restaurant operations and license holding
Red Seasons Catering Limited	Hong Kong	HK$2	–	100%	Restaurant operations and license holding
Tin Ho Restaurant Limited	Hong Kong	HK$800,000	–	70%	Restaurant operations and license holding
Blissful Dragon Limited	BVI	USD1	–	100%	Property holding
Red Seasons Developments Limited	Hong Kong	HK$2,100,000	–	100%	Restaurant operations and license holding
HMI	Hong Kong	HK$3,800,000	–	100%	Restaurant operations and license holding
Big Excellent Limited	Hong Kong	HK$1	–	100%	Restaurant operations and license holding
Food Idea Food Trading Limited	Hong Kong	HK$1	–	100%	Securities investment
Happy Credit Limited	Hong Kong	HK$1	100%	–	Money lending
Winteam Development Limited	Hong Kong	HK$1	–	100%	Investment holding
Food Idea (Hong Kong) Limited	Hong Kong	HK$1	–	100%	Securities investment

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

Name	Place of incorporation/ registration and operation	Issued and fully paid up ordinary share capital	Percentage of ownership interest attributable to the Company		Principal activities
			Direct	Indirect	
Lucky Great Investment Limited	Hong Kong	HK$3,750,000	–	83%	Investment holding
Nicecity	Hong Kong	HK$50,000	–	48% *(Note)*	Production, sales and distribution of food products
Excellent Catering	Hong Kong	HK$10,000	–	48% *(Note)*	Production, sales and distribution of food products
Brilliant Forever*	BVI	USD50,000	–	100%	Investment holding
Lucky Dessert Singapore Pte. Ltd.*	Singapore	S$100	–	51%	Investment holding and exclusive rights holding

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

* Subsidiary acquired during the year ended 31 December 2015

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

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 of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

39. PARTICULARS OF PRINCIPAL SUBSIDARIES 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	
		2015	2014
Investment holding	Hong Kong	**3**	3
Inactive	Hong Kong	**7**	10
Inactive	PRC	**1**	1
		11	14

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

40. EVENT AFTER THE END OF THE REPORTING PERIOD

On 10 March 2016, the Company, as vendor, entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to dispose of the Chinese restaurant operation through the disposal of the entire issued share capital of GR Holdings, a direct wholly owned subsidiary of the Company, and all the liabilities, obligations and indebtedness due by GR Holdings to the Group at the preliminary consideration of HK$49 million (subject to adjustment) payable in cash (the "Disposal") to Mr. Wong Kwan Mo and Ms Lau Lan Ying, the directors of the Company which constituted as a very substantial transaction of the Company.

The completion of the Disposal is conditional upon satisfaction of the certain conditions precedent, including the passing by the independent shareholders of the Company at an extraordinary general meeting to be convened and held of an ordinary resolution to approve the sale and purchase agreement and the transactions. Upon completion, the Company will not hold any interest in the existing Chinese restaurant operation. Details of the Disposal and the financial effect are set out in the Company's announcement dated 10 March 2016.

SUMMARY OF FINANCIAL INFORMATION

	Year ended 31 December				
RESULTS	**2015**	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**465,652**	464,924	386,262	357,844	279,847
Profit before tax	**118,397**	100,798	28,867	29,974	27,975
Income tax expenses	**(28,092)**	(20,160)	(5,373)	(5,533)	(5,069)
Profit for the year	**90,305**	80,638	23,494	24,441	22,906

	As at 31 December				
ASSETS AND LIABILITIES	**2015**	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	**633,494**	208,975	94,036	84,198	66,004
Non-current assets	**221,689**	76,944	90,574	79,479	65,723
Total assets	**855,183**	285,919	184,610	163,677	131,727
Current liabilities	**90,456**	61,376	53,098	48,589	40,037
Non-current liabilities	**138,328**	18,765	4,139	2,026	2,869
Total liabilities	**228,784**	80,141	57,237	50,615	42,906
Net assets	**626,399**	205,778	127,373	113,062	88,821
Equity attributable to owners of the Company	**623,962**	204,611	124,411	110,205	86,812
Non-controlling interests	**2,437**	1,167	2,962	2,857	2,009
	626,399	205,778	127,373	113,062	88,821