

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
Interim Report



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

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



CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wong 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
Ms. Chiu Man Yee
Mr. Kwan Wai Yin, William

Compliance Officer

Ms. Lau Lan Ying

Authorized 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*)
Ms. Chiu Man Yee
Mr. Kwan Wai Yin, William

Remuneration Committee Members

Ms. Chiu Man Yee (*Chairman*)
Mr. Li Fu Yeung
Mr. Kwan Wai Yin, William

Nomination Committee Members

Mr. Li Fu Yeung (*Chairman*)
Ms. Chiu Man Yee
Mr. Kwan Wai Yin, William

Auditors

SHINEWING (HK) CPA Limited
Certified Public Accountants

Legal Advisers to the Company

Michael Li & Co.

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited

Registered Office

Cricket Square
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PO Box 2681
Grand Cayman
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

Company Website

www.gayety.com.hk

GEM Stock Code

8179





HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2015 increased by approximately 8% to approximately HK\$238,482,000 (2014: HK\$221,345,000).
- Profit attributable to the owners of the Company for the six months ended 30 June 2015 increased by approximately 1,472% to approximately HK\$125,588,000 (2014: HK\$7,991,000).
- Basic earnings per share for the six months ended 30 June 2015 were approximately HK\$3.70 cents (2014: HK\$0.25 cents).



The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 June 2015 (the “Interim Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2014, as follows:

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

For the three months and six months ended 30 June 2015

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	6	108,113	111,481	238,482	221,345
Other income		165	171	267	189
Cost of inventories consumed		(33,456)	(34,200)	(75,226)	(68,920)
Employee benefits expenses		(39,148)	(36,210)	(82,871)	(73,599)
Depreciation		(6,981)	(5,529)	(12,417)	(10,935)
Operating lease rentals and related expenses		(12,240)	(11,083)	(24,257)	(22,813)
Utilities expenses		(7,090)	(8,220)	(14,239)	(15,578)
Gain on disposal of financial assets at fair value through profit or loss		20	–	20	–
Gain on fair value change of financial assets at fair value through profit or loss		156,242	–	142,177	–
Change in fair value of contingent consideration payable		(836)	–	(836)	–
Other operating expenses		(18,864)	(10,633)	(34,005)	(19,216)
Share of profit of an associate		13,895	–	13,895	–
Finance costs	7	(192)	(131)	(394)	(199)
Profit before tax	8	159,628	5,646	150,596	10,274
Income tax expenses	9	(26,519)	(1,110)	(25,631)	(2,190)
Profit for the period		133,109	4,536	124,965	8,084



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

For the three months and six months ended 30 June 2015

	For the three months ended 30 June		For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<i>Note</i>				
Other comprehensive (expense) income for the period:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	(1)	–	1	(7)
Total comprehensive income for the period	133,108	4,536	124,966	8,077
Profit for the period attributable to:				
Owners of the Company	133,867	4,158	125,588	7,991
Non-controlling interests	(758)	378	(623)	93
	133,109	4,536	124,965	8,084
Total comprehensive income attributable to:				
Owners of the Company	133,866	4,158	125,589	7,984
Non-controlling interests	(758)	378	(623)	93
	133,108	4,536	124,966	8,077
Earnings per share				
– Basic and diluted (HK cents)	3.74	0.13	3.70	0.25

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2015

	Notes	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	46,617	54,139
Goodwill		6,186	6,186
Interest in an associate	13	106,548	–
Interest in a joint venture		–	–
Rental deposits		9,899	11,271
Prepayment for acquisition of property, plant and equipment		3,559	959
Deferred tax assets		3,020	2,889
Pledged bank deposit		–	1,500
		175,829	76,944
Current assets			
Inventories		10,366	8,119
Loan and interest receivables	14	57,182	–
Trade receivables	15	8,283	8,461
Prepayments, deposits and other receivables		14,904	18,937
Income tax receivable		941	941
Financial assets at fair value through profit or loss	16	308,634	99,712
Pledged bank deposits		5,027	3,505
Bank balances and cash		50,051	69,300
		455,388	208,975
Current liabilities			
Trade payables	17	13,963	13,823
Other payables, accruals and deposits received		30,451	33,437
Contingent consideration payable	18	88,034	–
Provision for reinstatement costs		1,233	559
Income tax payable		2,406	435
Secured bank borrowings	19	12,537	13,122
		148,624	61,376
Net current assets		306,764	147,599
Total assets less current liabilities		482,593	224,543



	<i>Note</i>	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Non-current liabilities			
Provision for reinstatement costs		2,746	3,320
Deferred tax liabilities		39,030	15,445
		41,776	18,765
		440,817	205,778
Capital and reserves			
Share capital	20	3,840	3,200
Reserves		437,333	201,411
Equity attributable to owners of the Company		441,173	204,611
Non-controlling interests		(356)	1,167
		440,817	205,778



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2015

	Attributable to owners of the Company								
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i> <i>(Note i)</i>	Other reserve <i>HK\$'000</i> <i>(Note ii)</i>	Foreign currency translation reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2015	3,200	65,421	106	(972)	(6)	136,862	204,611	1,167	205,778
Profit and total comprehensive income (expenses) for the period	-	-	-	-	1	125,588	125,589	(623)	124,966
Issue of new shares	640	112,000	-	-	-	-	112,640	-	112,640
Transaction costs attributable to issue new shares	-	(1,667)	-	-	-	-	(1,667)	-	(1,667)
Dividend <i>(Note 11)</i>	-	-	-	-	-	-	-	(900)	(900)
At 30 June 2015	3,840	175,754	106	(972)	(5)	262,450	441,173	(356)	440,817
At 1 January 2014	3,200	65,421	106	448	-	55,236	124,411	2,962	127,373
Profit and total comprehensive (expenses) income for the period	-	-	-	-	(7)	7,991	7,984	93	8,077
Acquisition of subsidiaries	-	-	-	-	-	-	-	(1,005)	(1,005)
Capital contributions from non-controlling interest of a subsidiary	-	-	-	-	-	-	-	638	638
Dividend <i>(Note 11)</i>	-	-	-	-	-	-	-	(900)	(900)
At 30 June 2014	3,200	65,421	106	448	(7)	63,227	132,395	1,788	134,183

Notes:

- (i) Capital reserve represents the difference between the aggregate amount of issued and fully paid share capital of the subsidiaries acquired by the Company and the nominal amount of the shares issued by the Company in exchange for the entire equity interests in the subsidiaries as part of the group reorganisation.
- (ii) Other reserve represents transactions with the non-controlling interests and capital contributions from non-controlling interests.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Net cash flows (used in) generated from operating activities	(111,207)	9,619
Net cash used in investing activities	(17,530)	(7,308)
Net cash generated from (used in) financing activities	108,358	(1,279)
Net (decrease) increase in cash and cash equivalents	(20,379)	1,032
Cash and cash equivalents at beginning of period	64,055	65,612
	43,676	66,644
Cash and cash equivalents at end of period		
Bank balances and cash	50,051	69,223
Bank overdrafts (<i>Note 19</i>)	(6,375)	(2,579)
	43,676	66,644





NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

Notes:

1. GENERAL INFORMATION

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

The Company’s principal activity during the period was investment holding. The Group’s principal activities during the period were (i) catering services in Hong Kong and the People’s Republic of China (the “PRC”); (ii) productions, sales and distribution of food products to supermarket chains in Hong Kong; (iii) investments in securities; and (iv) money lending business.

2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 2014, except for the adoption of the new and revised HKFRSs. The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual report for the year ended 31 December 2014.

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



3. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted the following new and revised HKFRSs, which are effective for the Group's accounting period beginning on or after 1 January 2015.

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 adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

New and revised HKFRSs

The Group has not early applied the following new and 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 ³
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidated Exception ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
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

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

New and revised HKFRSs issued but not yet effective

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

4. ESTIMATES

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

In preparing these Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual report for the year ended 31 December 2014.

5. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. 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.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Fair value as at	
		30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Financial assets	Fair value hierarchy	Valuation techniques and key inputs	
Equity securities listed in Hong Kong classified as financial assets at fair value through profit or loss	Level 1	Quoted bid prices in an active market	245,951 99,712
Debt securities listed in Hong Kong and overseas classified as financial assets at fair value through profit or loss	Level 1	Quoted bid prices in an active market	9,548 –



	Fair value hierarchy	Valuation techniques and key inputs	Fair value as at	
			30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Funds listed in Hong Kong classified as financial assets at fair value through profit or loss	Level 1	Quoted bid prices in an active market	2,718	–
Unlisted funds classified as financial assets at fair value through profit or loss	Level 2	Quotes from investment banks	48,489	–
Equity linked notes classified as financial assets at fair value through profit or loss	Level 2	Quotes from investment banks	1,928	–
			308,634	99,712
Financial liabilities				
Contingent consideration payable	Level 3	<i>Note</i>	88,034	–

Note:

The fair value of the contingent consideration payable of approximately HK\$88,034,000 as at 30 June 2015 was determined by reference to a valuation carried out by Roma Appraisal Limited (the “Valuer”) based on the assessment of the probability of the contingent consideration under various scenarios.

The Group and the Valuer have taken into account of the management’s experience and knowledge of market conditions of dessert catering industry in the PRC when determine key unobservable inputs to the discount cash flows. They (i) review the business plan of the dessert catering business to be carried out by Brilliant Forever Limited (“Brilliant Forever”, together with its associate, the “Brilliant Forever Group”) and its associate; (ii) consider various scenarios in achieving such plan; and (iii) determine the probability and calculate expected rate of return applied by the Group.

There was no transfer among Level 1, 2 and 3 during the six months ended 30 June 2015.

The Directors consider that the carrying amount of the Group’s financial assets and financial liabilities recorded at amortised cost in the Interim Financial Statements approximate their fair values.



6. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker, 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 chief operating decision maker 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 restaurants in Hong Kong and the PRC.
- (ii) Food products operation – The production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei, to supermarket chains in Hong Kong.
- (iii) Investments – Investment in securities.
- (iv) Money lending – The provision of money lending business in Hong Kong

Segment turnover and results

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



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

	Catering services HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Money lending business HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
For the six months ended 30 June 2015						
SEGMENT TURNOVER	197,082	42,790	500	152	(1,647)	238,877
SEGMENT REVENUE						
External sales	195,435	42,790	105	152	-	238,482
Inter-segment sales	1,647	-	-	-	(1,647)	-
Total	197,082	42,790	105	152	(1,647)	238,482
RESULTS						
Segment results	(1,513)	(561)	142,302	(321)	-	139,907
Unallocated income						36
Unallocated corporate expenses						(2,012)
Change in fair value of contingent consideration payable						(836)
Share of profit of an associate	13,895	-	-	-	-	13,895
Finance costs						(394)
Profit before tax						150,596
As at 30 June 2015						
ASSETS						
Segment assets	83,205	16,127	308,758	57,540	-	465,630
Interest in an associate	106,548	-	-	-	-	106,548
Unallocated corporate assets						59,039
Consolidated total assets						631,217
LIABILITIES						
Segment liabilities	38,845	9,548	-	-	-	48,393
Unallocated corporate liabilities						142,007
Consolidated total liabilities						190,400

	Catering services HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
For the six months ended 30 June 2014			
SEGMENT TURNOVER	206,175	15,170	221,345
SEGMENT REVENUE			
External sales	206,175	15,170	221,345
RESULTS			
Segment results	13,075	371	13,446
Unallocated income			90
Unallocated corporate expenses			(3,063)
Finance costs			(199)
Profit before tax			10,274

	Catering services HK\$'000 (Audited)	Food products operation HK\$'000 (Audited)	Consolidated HK\$'000 (Audited)
As at 31 December 2014			
ASSETS			
Segment assets	89,703	18,369	108,072
Others			99,712
Unallocated corporate assets			78,135
Consolidated total assets			285,919
LIABILITIES			
Segment liabilities	42,214	8,925	51,139
Unallocated corporate liabilities			29,002
Consolidated total liabilities			80,141



The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of bank interest income, central administrative costs, Directors' emoluments, change in fair value of contingent consideration payable, share of results of an associate and a joint venture, other losses and finance costs. This is the measure reported to chief operating decision maker for purposes of resource allocation and performance assessments.

Inter-segment sales are charged at prevailing market rates.

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

- all assets are allocated to operating segments other than interest in an associate, interest in a joint venture, deferred tax assets, income tax recoverable, pledged bank deposits and bank balances and cash; and
- all liabilities are allocated to operating segments other than contingent consideration payable, income tax payable, secured bank borrowings and deferred tax liabilities.

Geographical information

No geographical information is presented and all revenue from external customers of the Group are derived in and all non-current assets of the Group are located in Hong Kong.

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

7. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Finance costs on secured bank borrowings:				
Not wholly repayable within five years	18	21	36	41
Wholly repayable within five years	123	61	258	61
Unwinding of discount on provision for reinstatement costs	51	49	100	97
	192	131	394	199

8. PROFIT BEFORE TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Profit before tax has been arrived at after charging the following:				
Other losses (included in other operating expenses):				
Impairment losses of property, plant and equipment	4,663	–	4,663	–
Loss on disposal of property, plant and equipment	5	–	5	–
Operating lease rentals in respect of rented premises	9,767	9,374	19,566	18,938

9. INCOME TAX EXPENSES

	For the three months ended 30 June		For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current income tax				
Current year provision	619	1,609	2,176	2,689
Over provision in prior years	–	(499)	–	(499)
	619	1,110	2,176	2,190
Deferred income tax	25,900	–	23,455	–
	26,519	1,110	25,631	2,190



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

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

The deferred tax represents mainly the temporary differences in relation to the unrealized gain on financial assets at fair value through profit or loss as at 30 June 2015.

10. 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:

	For the three months ended 30 June		For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Earnings				
Earnings for the purpose of basic and diluted earnings per share, being profit for the period attributable to the owners of the Company	133,867	4,158	125,588	7,991
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,581,538,000	3,200,000,000	3,396,243,000	3,200,000,000

The diluted earnings per share for the three months and six months ended 30 June 2015 and 2014 are the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

11. DIVIDEND

	For the three months ended 30 June		For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Dividend	–	–	900	900

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 and 2014.

During the six months ended 30 June 2015, interim dividend amounting to HK\$900,000 was paid by a non-wholly owned subsidiary of the Company, to its minority shareholders.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, additions of property, plant and equipment amounted to approximately HK\$10,323,000 (additions for the year ended 31 December 2014: HK\$5,529,000).

During the period, the Directors conducted a review of the Group's property, plant and equipment and determined that a number of those assets were impaired. Accordingly, impairment losses approximately of HK\$2,185,000, HK\$446,000, HK\$1,660,000 and HK\$372,000 respectively have been recognized 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 to 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 assumed that the assets will be sold at the respective existing state.

Details of the Group's property, plant and equipment for which impairment losses had been recognized and information about the fair value hierarchy as at 30 June 2015 and 31 December 2014 are as follows:

	Level 3		Recoverable amount/ fair value	
	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Leasehold improvements	2,185	5,240	2,185	5,240
Air-conditioning	446	1,083	446	1,083
Equipment and kitchen utensils	1,661	3,965	1,661	3,965
Furniture and fixture	372	877	372	877

There was no transfer in or out of level 3 during the six months ended 30 June 2015 and the year ended 31 December 2014.



13. INTEREST IN AN ASSOCIATE

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Cost of investment in an unlisted associate	92,653	–
Share of post acquisition profit and other comprehensive income	13,895	–
	106,548	–

The Group's interest in its associate is as follows:

Name	Form of business structure	Place of incorporation	Issued and paid-up/ registered capital	Effective equity interest of the Group		Principal activity
				As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)	
Lucky Dessert (China) Holdings Limited	Incorporated	BVI	USD100	49%	–	Investment Holding

Details of the principal subsidiaries of the associate are as follows:

Name	Form of business structure	Place of incorporation	Issued and paid-up/ registered capital	Effective equity interest of the Group		Principal activity
				As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)	
Lucky Dessert Catering Management (Shenzhen) Limited [#]	Incorporated	PRC	HK\$150,000	49%	–	Catering management and consultancy
Tianjin Kai Wo Loire Catering Company Limited [#]	Incorporated	PRC	RMB1,000,000	25%	–	Restaurant operation

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

14. LOAN AND INTEREST RECEIVABLES

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Fixed-rate loan receivables	45,700	–
Variable-rate loan receivables	11,330	–
	57,030	–
Interest receivables	152	–
	57,182	–

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.

The Group holds collaterals with amounts over all its loan and interest receivables. In the event of default or failure to repay any outstanding amounts by the customers, 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 Directors consider that the fair values of loan and interest receivables are not materially different from their carrying amounts.

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

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Within 1 year	57,182	–



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

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
0 – 30 days	45,848	–
Over 30 days	11,334	–
	57,182	–

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

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Neither past due nor impaired	45,848	–
1 – 90 days past due	–	–
91 – 180 days past due	11,334	–
	57,182	–



Loan receivables comprise:

	Notes	Maturity date	Collateral	Effective interest rate	Carrying amount	
					As at 30 June 2015	As at 31 December 2014
					HK\$'000 (Unaudited)	HK\$'000 (Audited)
HK\$32,000,000 fixed-rate loan receivable	(i)	18 June 2016	Property	8% per annum	32,000	-
HK\$13,700,000 fixed-rate loan receivable	(ii)	23 July 2015	Bonds of HK\$20,000,000 issued by a company listed in Hong Kong	2% per month	13,700	-
HK\$11,330,000 variable-rate loan receivable	(iii)	25 March 2015	Property	Besting lending rate plus 4.5% per annum	11,330	-
					57,030	-

Notes:

- (i) On 19 June 2015, the Group entered into a loan agreement with a group of three borrowers (the "Borrowers"), pursuant to which the Group agreed to grant to the Borrowers, 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 to the Borrowers are set out in the Company's announcement on 19 June 2015.
- (ii) On 24 June 2015, the Group entered into a loan agreement with an independent third party (the "Borrower"), pursuant to which the Group agreed to lend to the Borrower a loan sum of HK\$13,700,000, bearing interest at a rate of 2% per month, for one month period from 24 June 2015. The loan is secured by bonds amounting to HK\$20,000,000 issued by a company listed in Hong Kong. The loan was settled on 23 July 2015.
- (iii) The HK\$11,330,000 variable-rate loan and interest receivable was past due as at 30 June 2015 for which the Group has not provided for impairment loss. The Directors 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 balance for secured variable-rate loan and interest receivable as at 30 June 2015.



15. TRADE RECEIVABLES

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

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Within 30 days and neither past due nor impaired	8,077	8,398
1 – 30 days	26	28
31 – 60 days	32	35
Over 60 days	148	–
	8,283	8,461

Certain restaurant customers and supermarket chains are granted a credit period of 30 days. Included in trade receivables balances as at 30 June 2015 were receivables of approximately HK\$206,000 (31 December 2014: HK\$63,000) that were past due. The trade receivables included in the above aging analysis are considered not impaired as there is no recent history of default. No provision for impairment of trade receivables was made as at 30 June 2015 and 31 December 2014. The Group does not hold any collateral over its trade receivables.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Equity securities	245,951	99,712
Debt securities	9,548	–
Funds	51,207	–
Derivatives – equity linked notes (<i>note</i>)	1,928	–
	308,634	99,712
Analyzed as:		
Listed in Hong Kong	254,348	99,712
Listed outside Hong Kong	3,869	–
Unlisted	50,417	–
	308,634	99,712

Note:

The aggregate notional principal amounts of the Group's equity linked notes as at 30 June 2015 are approximately HK\$2,000,000.

17. TRADE PAYABLES

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

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Within 30 days	8,328	10,228
31 – 60 days	4,618	3,555
61 – 90 days	962	4
Over 90 days	55	36
	13,963	13,823

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.

Included in trade payables as at 30 June 2015 was amounts due to companies controlled by executive Directors of the Company of approximately HK\$1,382,000 (31 December 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.

18. CONTINGENT CONSIDERATION PAYABLE

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
At 1 January 2014, 31 December 2014 and 1 January 2015	–	–
Arising from acquisition of Brilliant Forever (Note 24)	87,198	–
Changes in fair value during the period/year	836	–
	88,034	–

The contingent consideration payable as at the end of the reporting periods represented the fair value of the contingent consideration for the acquisition of Brilliant Forever, which was based on level 3 measurement (Note 5). Details of the acquisition are set out in Note 24 to the Interim Financial Statements.



19. SECURED BANK BORROWINGS

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Mortgage loan, repayable on demand	1,996	2,132
Installment loans, repayable on demand	2,628	3,327
Bank loans	1,538	2,418
Bank overdrafts	6,375	5,245
	12,537	13,122

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 (<i>HK\$'000</i>)			
– 30 June 2015 (<i>Unaudited</i>)	1,996	961	1,667
– 31 December 2014 (<i>Audited</i>)	2,132	1,161	2,166
Contractual instalments	120	60	36
Outstanding instalments			
– 30 June 2015	78	27	20
– 31 December 2014	84	33	26

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

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Within one year	9,607	9,341
After one year but within two years	1,391	1,709
After two years but within five years	1,042	1,413
More than 5 years	497	659
	12,537	13,122

Mortgage loan carries interest at Hong Kong Prime Rate ("Prime Rate") less 1.75% per annum.

Instalment loans carries interest at Prime Rate to Prime Rate plus 0.5% per annum.

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

Bank loans carries interest at Prime Rate plus 0.5% per annum.

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

	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Instalment loans	5% to 5.75%	5% to 5.75%
Bank overdrafts	5.5% to 7.25%	5.5% to 7.25%
Bank loans	5.75%	5.75%
Mortgage loan	3.5%	3.5%

As at 31 December 2014 and 30 June 2015, the Group had aggregate banking facilities of approximately HK\$14,798,000 and HK\$52,862,000 respectively for loans and other facilities (including letter of guarantee). Unused facilities as at the same dates amounted to approximately HK\$980,000 and HK\$41,081,000 respectively. These facilities were secured by:

- (a) The Group's pledged bank deposits amounting to HK\$5,027,000 (31 December 2014: HK\$5,005,000) as at 30 June 2015;
- (b) The Group's financial assets at fair value through profit or loss amounting to approximately HK\$55,571,000 (31 December 2014: Nil) as at 30 June 2015;
- (c) Leasehold land and building with a carrying amount of HK\$5,643,000 (31 December 2014: HK\$5,717,000) as at 30 June 2015;
- (d) Guarantee from Hong Kong Mortgage Corporation Limited and the government of Hong Kong Special Administrative Region; and
- (e) Unlimited guarantees from non-controlling shareholder and director of a subsidiary.

In additions, 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\$138,000 (2014: HK\$138,000) in aggregate.



20. SHARE CAPITAL

	Nominal value	Number of shares	Share capital HK\$'000
Authorized			
Ordinary shares			
At 1 January 2014, 31 December 2014, 1 January 2015 and 30 June 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 on 26 March 2015 (Note (i))	0.001	160,000,000	160
Placing and subscription of new shares on 19 May 2015 (Note (ii))	0.001	480,000,000	480
At 30 June 2015		3,840,000,000	3,840

Notes:

- (i) On 9 March 2015, the Company entered into the 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 placing was completed on 26 March 2015. Accordingly, there was an increase in share capital and share premium of approximately HK\$160,000 and HK\$19,840,000 respectively. Details of the placing are set out in the Company's announcements dated 9 and 26 March 2015.
- (ii) On 6 May 2015, the Company entered into the placing and subscription agreement with a placing agent and KMW Investments Limited ("KMW") 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 placing and subscription was completed on 19 May 2015. Accordingly, there was an increase in share capital and share premium of approximately HK\$480,000 and HK\$92,160,000 respectively. Details of the placing and subscription are set out in the Company's announcements dated 6 and 19 May 2015.

The new shares rank *pari passu* with the existing shares in all respects.



21. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the Company's shareholders at the extraordinary general meeting of the Company held on 9 December 2011, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of rewarding eligible participants who had made contribution to the Group as well as providing incentives in retaining the Group's existing employees and recruiting additional employees in attaining the long term objectives of the Group.

Subject to the terms of the Share Option Scheme, the Directors may, at their absolute discretion, grant or invite any person belonging to any of the following classes to take up options to subscribe for shares: (a) any employee, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Company or any subsidiaries; (b) any person who have contributed or may contribute to the Group.

The maximum number of shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

The total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue on 9 December 2011 unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit.

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 despatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the 1% limit referred to in this paragraph; and (iii) the relevant eligible participant and its associates abstain from voting on such resolution.

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

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



Options granted under the Share Option Scheme must be taken up within 28 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK\$1 to the Company as consideration for the grant.

No share options have been granted since the adoption of the Share Option Scheme and there were no share option outstanding as at 30 June 2015 (31 December 2014: nil).

22. COMMITMENTS

(a) Capital commitments

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided	–	422

(b) Operating lease commitments

As lessee

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to six years. Rental were fixed at the inception of the leases.

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

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
Within one year	35,863	38,251
In the second to fifth years inclusive	48,515	65,234
	84,378	103,485

23. CONNECTED AND RELATED PARTY TRANSACTIONS

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

(a) Transactions with connected and related parties

The Group had the following significant transactions with its connected and related parties during the reporting periods:

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Rental expense	(i)	2,790	2,490	5,580	4,980
Purchase of goods	(ii)	2,112	2,663	4,421	5,468

Notes:

- (i) Rental expenses were charged according to the terms of the rental agreements entered into between the parties.
- (ii) Purchases of goods from connected and related companies were made on a mutually agreed basis.

Acquisition of Brilliant Forever

On 19 December 2014, a subsidiary of the Company, Food Idea Group Limited ("Food Idea"), and Mr. Wong Tai Chun (the "Vendor"), had entered into a sale and purchase agreement (as amended and supplemented by two supplemental agreements dated 13 February 2015 and 24 March 2015 respectively) in relation to the acquisition of the entire issued share capital of Brilliant Forever as well as the shareholder's loan at a total maximum consideration of HK\$100,000,000 (the "Consideration"). The acquisition is completed on 29 April 2015.

The Vendor is the son of Mr. Wong Kwan Mo who is the chairman of the Company, an executive Director and a controlling shareholder and Ms. Lau Lan Ying who is the chief executive officer of the Company, an executive Director and a controlling shareholder. As such, the Vendor is regarded as a connected person of the Company.

Details of the abovementioned transactions are set out in Note 18 and 24 to the Interim Financial Statements and the Company's circular dated 27 March 2015.



Loan facility to an associate

On 29 April 2015, Food Idea as lender and an associate, Lucky Dessert (China) Holdings Limited ("Lucky Dessert (BVI)") as borrower entered into the 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 Hong Kong and Shanghai Banking Corporation plus 1% per annum for the purpose of funding the general working capital of the Brilliant Forever Group. As at 30 June 2015, the loan facility has not been utilized.

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

(b) Others arrangements with connected and related parties

Compensation of key management personnel

	For the three months ended 30 June		For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Short-term benefits	326	270	715	615
Post-employment benefits	4	4	9	8
	330	274	724	623

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

24. ACQUISITION OF AN ASSOCIATE THROUGH ACQUISITION OF A SUBSIDIARY

On 29 April 2015, the Group acquired 100% of the issued share capital of Brilliant Forever as well as the shareholder's loan at the Consideration.

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

According to the sale and purchase agreement dated 19 December 2014, the Consideration will be satisfied by:

- (a) HK\$4,000,000 in cash as an initial consideration;

- (b) The remaining part of the Consideration is capped at HK\$96,000,000 and is subject to downward adjustment in proportion to a valuation of 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 Directors estimate that the 2015 Valuation will only be available in early 2016.

Consideration transferred

	<i>HK\$'000</i>
Cash	4,000
Contingent consideration payable (<i>Note 18</i>)	87,198
Transactions costs attributable to the acquisition	1,381
	<hr/>
	92,579
	<hr/> <hr/>

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

	<i>HK\$'000</i>
Interest in an associate	92,653
Other payables and accruals	(74)
	<hr/>
	92,579
	<hr/> <hr/>

Net cash outflow on acquisition

	<i>HK\$'000</i>
Cash consideration paid	4,000
Transaction costs attributable to the acquisition	1,381
	<hr/>
	5,381
	<hr/> <hr/>

25. EVENTS AFTER THE REPORTING PERIOD

The Group proposed to raise approximately HK\$201.6 million (before expenses) by way of the rights issue (the "Rights Issue") of 1,920,000,000 rights shares (the "Rights Shares"), on the basis of one Rights Share for every two existing shares of the Company at a subscription price of HK\$0.105 per Rights Share. The net proceeds from the Rights Issue after deducting related expenses were approximately HK\$198 million. Details of the transaction are set out in the Company's announcements dated 26 June 2015, 15 July 2015, 24 July 2015, 6 August 2015 and 13 August 2015.





MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's interim results for the six months ended 30 June 2015.

Business Review

Catering

Chinese restaurant operations

The Group maintains 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. As at 30 June 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 six months ended 30 June 2015, the Red Seasons restaurants have recorded revenue of approximately HK\$116,402,000, a slight decrease of 4% as compared to the last corresponding period.

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 six months ended 30 June 2015, Plentiful Delight Banquet recorded revenue of approximately HK\$41,827,000, a slight decrease of 4% as compared to the last corresponding period.





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 six months ended 30 June 2015, Red Royalty generated revenue of approximately HK\$37,206,000. Revenue from banquet and dining services generated by Plentiful Delight Banquet and Red Royalty amounted to approximately HK\$79,033,000 which was up by approximately 2% as compared to that of the last corresponding period.

Lucky Dessert

The Group started its expansion into the dessert catering business and completed the acquisition of 100% equity interest in Brilliant Forever, which holds 49% equity interest in an associate principally engaging in dessert catering business under the trademarks of “Lucky Dessert 發記甜品” in the PRC, on 29 April 2015. The operation of the Group’s first dessert catering restaurant in Tianjin, PRC commenced in May 2015 and has generated revenue of approximately RMB619,000 since establishment.

Food products operation

The food products operations represents the production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei, to over 60 concessionaire stores in major supermarket chains in Hong Kong. These food products are mainly prepared in its food processing factory located at Tsuen Wan.

During the six months ended 30 June 2015, the food products operation generated revenue of approximately HK\$42,790,000.





Securities investment business

During the six months ended 30 June 2015, the Group actively developed its securities investment business and invested various equity securities, debt securities and funds listed in Hong Kong and overseas. The Group also invested in certain unlisted funds and equity linked notes. The total investment amounted to approximately HK\$67 million during the six months ended 30 June 2015.

During the six months ended 30 June 2015, the Group recorded a realized gain of approximately HK\$20,000 and an unrealized gain of approximately HK\$142,177,000 in its financial assets at fair value through profit or loss (“FVTPL”). The financial assets at FVTPL held by the Group as at 30 June 2015 were valued at approximately HK\$308,634,000.

The Company will continue to be cautious in making new investments and trading of its financial assets under current economic fluctuation in Europe and the worldwide ongoing quantum ease atmosphere, and is aimed to maintain and grow its portfolio value in future.

Details of the financial assets at FVTPL are set out in Note 16 to the Interim Financial Statements.

Money lending business

Happy Credit Limited, a direct wholly-owned subsidiary of the Company, obtained its money lender business licence in about September 2012. It is licensed to conduct money lending business in Hong Kong through the provision of unsecured and secured loans to customers under the Money Lenders Ordinance. Since June 2015, the Group commenced the provision of money lending business and offered loans of approximately HK\$57 million to customers, which included revolving loan, term loan and mortgage.





On 29 June 2015, Happy Credit Limited acquired a loan (the “Loan”) together with the first loan mortgage attached thereto from a credit company, an independent third party at the consideration of approximately HK\$11,330,000. The outstanding principal amount of the Loan and the interest accrued thereon is approximately HK\$11,330,000. The Loan is interest bearing at best lending rate of The Hongkong and Shanghai Banking Corporation Limited plus 4.5% per annum and secured by a commercial property located in Wanchai (the “Property”). The maturity date (i.e. 25 March 2015) of the Loan was lapsed prior to the date of acquisition of the Loan and the mortgagee has yet repaid the Loan. Given that the market value of the Property is higher than the outstanding principal and interest of the Loan as at the date of acquisition and as at 30 June 2015, the Directors consider that the acquisition of the Loan provides a good business opportunity, which on one side enables the Group to earn the interest generated from the Loan and on the other side, if the mortgagee is eventually unable to repay the Loan, Happy Credit Limited can sell the Property and recover the entire amount of the Loan and interests accrued thereon and all other costs and expenses in connection with the enforcing the mortgage.

Details of the loan and interest receivables are set out in Note 14 to the Interim Financial Statements.

Financial Review

During the six months ended 30 June 2015, the Group’s revenue amounted to approximately HK\$238,482,000, representing an increase of approximately 8% as compared to the last corresponding period. This was mainly attributable to (i) the food products operation, with its revenue fully accounted in the Interim Financial Statements for the six months ended 30 June 2015 while it only accounted for two months in last corresponding period after its acquisition on 1 May 2014; and (ii) the interest income of approximately HK\$152,000 generated from the money lending business segment.

Profit attributable to owners of the Group rose to HK\$125,588,000, a significant increase of 1,472% as compared to last corresponding period. Such increase was mainly due to (i) the unrealized fair value gain from financial assets at FVTPL, amounting to HK\$118,718,000 (net of tax); and (ii) the share of profit of an associate of approximately HK\$13,895,000 during the six months ended 30 June 2015.





The share of profit of an associate represented mainly the gain on acquisition (the “Gain”) of Lucky Dessert (BVI). The acquisition of Lucky Dessert (BVI) is accounted for in the Interim Financial Statements in accordance with HKAS 28, pursuant to which such Gain is included as share of profit of an associate in the period the acquisition is completed.

After eliminating the effect of abovementioned gain from financial assets at FVTPL and the share of profit from an associate, loss attributable to owners of the Company was amounted to approximately HK\$7,025,000. Such decreases were mainly from (i) the deteriorated chinese restaurant results due to the increase in food, rental and staff costs; (ii) the underperformance of the Hong Kong Island Red Seasons; (iii) impairment losses on property, plant and equipment from the loss making Hong Kong Island Red Seasons of approximately HK\$4,663,000; and (iv) the fair value change of the contingent consideration payable of approximately HK\$836,000.

The cost of inventories consumed for the six months ended 30 June 2015 amounted to approximately HK\$75,226,000 (2014: HK\$68,920,000). The cost of inventories consumed was approximately 32% of the Group’s revenue during the period (2014: 31%). The Group increases 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\$82,871,000 (2014: HK\$73,599,000). The increase was mainly due to the abovementioned factors of the food products operation and the wage adjustments to retain experienced staff under the inflationary environment during the six months ended 30 June 2015. 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 six months ended 30 June 2015 amounted to approximately HK\$24,257,000, representing an increase of approximately 6% as compared to the last corresponding period. 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 better control the lease 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 management takes a cautious view for 2015. Given the uncertainties in the global economy, the weakening consumer sentiment and deteriorating political polarization in Hong Kong, the management anticipates the retail environment will be very challenging.

The management is committed to bolster the customer base. As traditional Chinese restaurants require intensive initial capital expenditure and relatively large space for operation, the management adjusts its restaurant expansion strategy. The Group will focus on the establishment of smaller Chinese restaurants. The Group continues to search for suitable sites with high traffic flow and reasonable rentals for expansion. Meanwhile, the Group is also continuously developing appetising specialty dishes as well as providing better quality services to customers so as to solidify the Group's market position.

The Group is proactively monitoring the rising food costs, labour costs and rental expenses in order to raise the operational efficiencies.

With the view to expand the source of income and prospects of the Group, the Group will explore the opportunities to further develop its dessert catering business in the PRC and Asia Pacific area.

The Group targets to start the operation of its second “Lucky Dessert 發記甜品” restaurant in Tianjin, PRC in the second half of 2015. The Group is also in the progress of negotiating with different potential franchisees for expanding its dessert catering business to other areas of the PRC. With the intention to expand the dessert catering business of the Group to Singapore, on 9 June 2015, Food Idea, a wholly-owned subsidiary of the Company, entered into the memorandum of understanding, as purchaser, with Mr. Wong Yat Cheung and Mr. Wong Yat Tung as vendors, for acquiring the entire issued share capital of a company to be incorporated in the BVI with limited liability, which will have the exclusive right to use the trademark “Lucky Dessert 發記甜品” in Singapore and will have the exclusive franchise right of setting up and operating certain dessert catering restaurants under the said trademark in Singapore. The Company has already engaged relevant parties in Singapore to conduct a study on the market condition of dessert catering business in Singapore and carry out valuation on the target of the acquisition. The Company is also in the process of seeking for suitable personnel to develop the said business.





The management will actively seek for (i) investment opportunities in the capital market in order to enhance the financial position and earnings of the Group; and (ii) possible opportunities to develop the money lending business and expand the customer base by providing a more comprehensive range of loan products.

Liquidity, Financial and Capital Resources

Capital structure

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

The capital structure of the Group consists of secured bank borrowings, net of pledged bank deposits, bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group expects to maintain a stable gearing ratio through the issue of new shares as well as the undertaking of new debts.

Cash position

As at 30 June 2015, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$50,051,000 (31 December 2014: approximately HK\$69,300,000).

The pledged bank deposits of approximately HK\$5,027,000 as at 30 June 2015 and HK\$5,005,000 as at 31 December 2014 were pledged to banks for the banking facilities of the Group.

Secured bank borrowings

Details of secured bank borrowings as at 30 June 2015 are set out in Note 19 to the Interim Financial Statements.





Gearing ratio

Gearing ratio is calculated as net debt (secured bank borrowings less pledged bank deposits, bank balance and cash) divided by the total of net debt and total equity.

Gearing ratios are not applicable to the Group as at 30 June 2015 and 31 December 2014 as the Group's bank balances and cash are more than its secured bank 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.

Capital Expenditure and Commitments

Details of the capital expenditure and capital commitments are set out in the Notes 12 and 22 to the Interim Financial Statements respectively.

Charges on Assets

Details of the charges on the Group's assets as at 30 June 2015 were set out in Note 19 to the Interim Financial Statements.

Contingent Liabilities

Save as disclosed elsewhere in the Interim Financial Statements, there were no other significant contingent liabilities of the Group as at 30 June 2015.

Dividend

Details of the dividend are set out in the Note 11 to the Interim Financial Statements.

Employees Numbers and Remuneration Policy

As at 30 June 2015, the Group had 795 employees. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.





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

Saved as the acquisition of Brilliant Forever disclosed elsewhere in this report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2015. Saved as disclosed elsewhere in this report, and the Company's announcement dated 6 May 2015, 19 May 2015, 9 June 2015, and 26 June 2015, there is no plan for material investments or capital assets as at 30 June 2015.

SHARE OPTION SCHEME

Details of the share option scheme are set out in the Note 21 to the Interim Financial Statements.



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

As at 30 June 2015, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in shares and underlying shares of the Company

Name of Directors	Capacity/nature of interest	Total number of ordinary Shares	Approximate percentage of interest
Mr. Wong Kwan Mo (Note)	Interest in controlled corporation	1,152,072,000	30%
Ms. Lau Lan Ying (Note)	Interest in controlled corporation	1,152,072,000	30%

Note:

902,072,000 and 250,000,000 shares are owned by KMW and Strong Light Investments Limited respectively. KMW and Strong Light Investments Limited are companies incorporated in the BVI and Hong Kong respectively. The entire issued share capital of KMW and Strong Light Investments Limited are beneficially owned as to 50% by Mr. Wong Kwan Mo and 50% by Ms. Lau Lan Ying.



Saved as disclosed above, as at 30 June 2015, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2015, other than the Directors and chief executives of the Company whose interests and short positions are disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, the following parties have interest or short position in the shares or underlying shares of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who was expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Long positions in shares and underlying shares of the Company

Name	Capacity/nature of interest	Total number of ordinary shares	Approximate percentage of interest
KMW (<i>Note</i>)	Beneficial owner	902,072,000	23%
Strong Light Investments Limited (<i>Note</i>)	Beneficial owner	250,000,000	7%





Note:

902,072,000 and 250,000,000 shares are owned by KMW and Strong Light Investments Limited respectively. KMW and Strong Light Investments Limited are companies incorporated in the BVI and Hong Kong respectively. The entire issued share capital of KMW and Strong Light Investments Limited are beneficially owned as to 50% by Mr. Wong Kwan Mo and 50% by Ms. Lau Lan Ying.

Saved as disclosed above, as at 30 June 2015, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations” above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections “Share Option Scheme” and “Directors’ and chief executives’ interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations” above, at no time during the six months ended 30 June 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 executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.





PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares during the six months ended 30 June 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors, their respective associates and the substantial shareholders were interested in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group or had any other conflicts with the Group during the six months ended 30 June 2015.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review. The Company was not aware of any non-compliance during the six months ended 30 June 2015.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules during the six months ended 30 June 2015.





AUDIT COMMITTEE

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

The audit committee had reviewed the Interim Financial Statements for the six months ended 30 June 2015 and is of the opinion that the preparation of such statements complied with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 14 August 2015

As at the date of this report, the Board comprises Mr. Wong Kwan Mo; Ms. Lau Lan Ying and Mr. Yu Ka Ho as executive Directors, and Kwan Wai Yin William, Mr. Li Fu Yeung and Ms. Chiu Man Yee as independent non-executive Directors.

