Future Bright Holdings Limited
佳景集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 703)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2016	2015	Change
	HK$'000	*HK$'000*	%
Turnover	**853,231**	824,182	+3.5%
Gross margin	**586,406**	577,373	+1.6%
Gross operating profit	**136,512**	137,360	–0.7%
Profit before interests, tax expense, depreciation and amortisation ("EBITDA")	**52,537**	15,113	+247.7%
Loss attributable to owners of the Company	**(1,539)**	(45,907)	–96.7%
Net Ordinary Operating Profit/(Loss)	**5,976**	(57,938)	N/A
Basic loss per share	**HK(0.22) cents**	HK(6.61) cents	–96.7%
Final dividend (special) per share	**HK1.0 cent**	HK1.0 cent	–

	31 December 2016	31 December 2015	Change
	HK$'000	*HK$'000*	%
Total assets	**1,664,579**	1,592,234	+4.5%
Net assets	**1,047,403**	1,083,571	–3.3%
Net assets per share	**HK$1.509**	HK$1.561	–3.3%
Gearing ratio	**38.0%**	26.7%	+11.3%
Total assets/total liabilities ratio	**2.70**	3.13	–13.7%

* *For identification purpose only*

ANNUAL RESULTS

The board of directors ("Directors") of Future Bright Holdings Limited ("Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries ("Group") for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Turnover	*5*	**853,231**	824,182
Cost of sales		**(266,825)**	(246,809)
Gross margin		**586,406**	577,373
Direct operating expenses		**(449,894)**	(440,013)
Gross operating profit		**136,512**	137,360
Other revenue	*6*	**11,753**	14,517
Other gains and losses	*7*	**3,571**	(38,599)
Administrative expenses		**(143,330)**	(146,105)
Share of loss of joint venture		**(3,710)**	(1,062)
Finance costs	*9*	**(7,298)**	(9,386)
Loss before income tax	*8*	**(2,502)**	(43,275)
Income tax credit/(expense)	*10*	**4,244**	(7,182)
Profit/(Loss) for the year		**1,742**	(50,457)
Other comprehensive loss, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(14,925)**	(22,569)
Total comprehensive loss for the year		**(13,183)**	(73,026)
Profit/(Loss) attributable to:			
Owners of the Company		**(1,539)**	(45,907)
Non-controlling interests		**3,281**	(4,550)
		1,742	(50,457)
Total comprehensive loss attributable to:			
Owners of the Company		**(16,464)**	(68,476)
Non-controlling interests		**3,281**	(4,550)
		(13,183)	(73,026)
Loss per share			
– Basic (HK cents per share)	*12*	**(0.22)**	(6.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**366,742**	243,519
Investment properties		**780,439**	796,494
Goodwill	*14*	**81,781**	81,781
Other intangible assets	*15*	**10,288**	11,628
Prepayments and deposits	*17*	**19,533**	38,448
Interest in joint venture	*16*	**9,508**	13,218
Pledged bank deposits		**17,844**	–
Total non-current assets		**1,286,135**	1,185,088
Current assets			
Inventories		**43,135**	37,308
Amount due from joint venture		**645**	–
Trade and other receivables	*17*	**77,399**	118,951
Financial assets at fair value through profit or loss	*18*	**3,948**	3,478
Pledged bank deposits		**33,771**	28,109
Cash and cash equivalents		**219,546**	219,300
Total current assets		**378,444**	407,146
Total assets		**1,664,579**	1,592,234
Current liabilities			
Amount due to joint venture		**–**	4,348
Trade and other payables	*19*	**180,442**	145,850
Current tax liabilities		**79,101**	87,430
Interest bearing borrowings		**47,973**	83,922
Non-interest bearing borrowings		**1,388**	1,388
Total current liabilities		**308,904**	322,938
Net current assets		**69,540**	84,208
Total assets less current liabilities		**1,355,675**	1,269,296

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued
AS AT 31 DECEMBER 2016

	Notes	**2016** **HK$'000**	2015 *HK$'000*
Non-current liabilities			
Interest bearing borrowings		**260,476**	137,136
Deferred tax liabilities		**42,367**	43,160
Non-interest bearing borrowings		**5,429**	5,429
Total non-current liabilities		**308,272**	185,725
Total liabilities		**617,176**	508,663
NET ASSETS		**1,047,403**	1,083,571
Capital and reserves attributable to owners of the Company			
Share capital		**69,430**	69,430
Reserves		**1,002,264**	1,032,614
Equity attributable to owners of the Company		**1,071,694**	1,102,044
Non-controlling interests		**(24,291)**	(18,473)
TOTAL EQUITY		**1,047,403**	1,083,571

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

1. GENERAL

Future Bright Holdings Limited is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Its head office and principal place of business are at Room 1409, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Group, comprising the Company and its subsidiaries, is engaged in the sales of food and catering, food souvenir and property investment.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2016

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
HKFRS 14	Regulatory Deferral Accounts

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

Included in the clarifications is that an entity's share of other comprehensive income from equity accounted interests in associates and joint ventures is split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

The adoption of the amendments has no impact on these financial statements.

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

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not previously used revenue-based depreciation methods.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(a) Adoption of new/revised HKFRSs – effective 1 January 2016 – Continued

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

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Company is neither an intermediate parent entity nor an investment entity.

(b) New/revised HKFRSs that have been issued but not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(b) New/revised HKFRSs that have been issued but not yet effective – Continued

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – Continued

(b) New/revised HKFRSs that have been issued but are not yet effective – Continued

HKFRS 15 – Revenue from Contracts with customers – Continued

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 – Revenue from Contracts with customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 include clarifications on identification of performance obligations, application of principal versus agent, licenses of intellectual property, and transition requirements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

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

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group has already commenced an assessment of the impact of adopting the new/revised HKFRSs to the Group, and the Directors are not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for investment properties and certain financial assets, which are measured at fair values as explained in the accounting policies set out in the Company's 2016 annual report.

(c) Functional and presentation currency

The functional currency of the Company is Macau Patacas ("MOP"), while the financial statements are presented in Hong Kong dollars ("HK$"). Each entity in the Group maintains its books and records in its own functional currency. As the Company is listed on Main Board of the Stock Exchange, the Directors consider that it will be more appropriate to adopt HK$ as the Group's and the Company's presentation currency.

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has three reportable segments. These segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Food and catering – sales of food and catering in Macau, Mainland China and Hong Kong;
- Food souvenir – sales of food souvenir, including festival food products; and
- Property investment – leasing of property.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

(a) Business segments

For the year ended 31 December 2016

	Food and catering *HK$'000*	Food souvenir *HK$'000*	Property investment *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*
Revenue					
Turnover from external customers	**781,585**	**50,509**	**21,137**	**–**	**853,231**
Turnover from inter-segment	**–**	**–**	**2,800**	**(2,800)**	**–**
Other revenue	**10,896**	**9**	**724**	**–**	**11,629**
Reportable segment revenue	**792,481**	**50,518**	**24,661**	**(2,800)**	**864,860**
Results					
Reportable segment results	**34,660**	**(35,464)**	**11,615**	**–**	**10,811**

As at 31 December 2016

	Food and catering *HK$'000*	Food souvenir *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Assets				
Reportable segment assets*	**641,868**	**39,210**	**977,088**	**1,658,166**
Liabilities				
Reportable segment liabilities	**357,113**	**18,601**	**238,412**	**614,126**
Reportable segment net assets	**284,755**	**20,609**	**738,676**	**1,044,040**

* As at 31 December 2016, food and catering and food souvenir segment assets included cash and bank balances of approximately HK$149,597,000 (2015: HK$180,752,000) and HK$6,827,000 (2015: HK$7,464,000) respectively, while property investment segment assets included cash and bank balances of approximately HK$61,647,000 (2015: HK$30,162,000) and investment properties of HK$780,439,000 (2015: HK$796,494,000).

4. SEGMENT REPORTING – Continued

(a) Business segments – Continued

Other information

For the year ended 31 December 2016

	Food and catering *HK$'000*	Food souvenir *HK$'000*	Property investment *HK$'000*	Un-allocated *HK$'000*	Consolidated *HK$'000*
Interest income	**475**	**1**	**724**	**–**	**1,200**
Interest expense	**1,755**	**–**	**5,543**	**–**	**7,298**
Capital expenditure	**171,620**	**1,073**	**5,237**	**16**	**177,946**
Depreciation of property, plant and equipment	**36,590**	**6,283**	**3,116**	**144**	**46,133**
Amortisation of other intangible assets	**1,241**	**367**	**–**	**–**	**1,608**
Loss on disposal of property, plant and equipment	**88**	**459**	**–**	**–**	**547**
Written off of property, plant and equipment	**98**	**1,743**	**–**	**–**	**1,841**
Reverse of impairment loss on property, plant and equipment	**579**	**–**	**–**	**–**	**579**
Impairment loss on trade receivables	**22**	**–**	**–**	**–**	**22**
Fair value loss of investment properties	**–**	**–**	**8,113**	**–**	**8,113**
Fair value gain of financial assets at fair value through profit or loss	**–**	**–**	**–**	**470**	**470**
Share of loss of joint venture	**3,710**	**–**	**–**	**–**	**3,710**
Income tax (credit)/expense	**(5,384)**	**–**	**1,140**	**–**	**(4,244)**

4. SEGMENT REPORTING – Continued

(a) Business segments – Continued

For the year ended 31 December 2015

	Food and catering *HK$'000*	Food souvenir *HK$'000*	Property investment *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*
Revenue					
Turnover from external customers	748,045	45,877	30,260	–	824,182
Turnover from inter-segment	–	–	2,240	(2,240)	–
Other revenue	11,267	73	3,032	–	14,372
Reportable segment revenue	759,312	45,950	35,532	(2,240)	838,554
Results					
Reportable segment results	2,221	(66,635)	36,797	–	(27,617)

As at 31 December 2015

	Food and catering *HK$'000*	Food souvenir *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Assets				
Reportable segment assets	519,549	47,361	1,020,043	1,586,953
Liabilities				
Reportable segment liabilities	217,885	18,112	270,313	506,310
Reportable segment net assets	301,664	29,249	749,730	1,080,643

4. SEGMENT REPORTING – Continued

(a) Business segments – Continued

Other information

For the year ended 31 December 2015

	Food and catering *HK$'000*	Food souvenir *HK$'000*	Property investment *HK$'000*	Un-allocated *HK$'000*	Consolidated *HK$'000*
Interest income	1,035	1	3,032	–	4,068
Interest expense	2,515	–	6,871	–	9,386
Capital expenditure	45,565	17,273	274,478	2	337,318
Depreciation of property, plant and equipment	36,500	8,315	3,041	156	48,012
Amortisation of other intangible assets	678	312	–	–	990
Equity settled share-based payment for eligible person other than staff	–	297	–	–	297
Loss on disposal of property, plant and equipment	1,027	–	–	–	1,027
Impairment loss on property, plant and equipment	10,544	16,278	–	–	26,822
Written off of property, plant and equipment	29,675	–	–	–	29,675
Impairment loss on trade receivables	1	–	–	–	1
Fair value gain of investment properties	–	–	15,868	–	15,868
Fair value loss of financial assets at fair value through profit or loss	–	–	–	1,567	1,567
Share of loss of joint venture	1,062	–	–	–	1,062
Income tax expense	3,345	–	3,837	–	7,182

4. SEGMENT REPORTING – Continued

(b) Reconciliation of reportable segment revenues, profit and loss, assets and liabilities

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**864,860**	838,554
Other revenue	**(11,629)**	(14,372)
Consolidated turnover	**853,231**	824,182
Loss before income tax		
Reportable segment profit/(loss)	**10,811**	(27,617)
Other revenue and other gains and losses	**938**	(1,340)
Corporate payroll expenses	**(8,685)**	(8,259)
Unallocated expenses	**(5,566)**	(6,059)
Consolidated loss before income tax	**(2,502)**	(43,275)
Assets		
Reportable segment assets	**1,658,166**	1,586,953
Financial assets at fair value through profit or loss	**3,948**	3,478
Unallocated corporate assets	**2,465**	1,803
Consolidated total assets	**1,664,579**	1,592,234
Liabilities		
Reportable segment liabilities	**614,126**	506,310
Unallocated corporate liabilities	**3,050**	2,353
Consolidated total liabilities	**617,176**	508,663

Unallocated expenses comprised mainly of the expenses of the Group's headquarter which were not directly attributable to the business activities of any operating segment.

Unallocated corporate assets comprised mainly of cash and cash equivalents which held as general working capital of the Group as a whole and other corporate assets of the Group's headquarter which were not directly attributable to the business activities of any operating segment. Unallocated corporate liabilities comprised mainly of the liabilities of the Group's headquarter which were not directly attributable to the business activities of any operating segment.

4. SEGMENT REPORTING – Continued

(c) Geographical information

The Group's operations are located in Macau, Mainland China and Hong Kong, while Macau is the place of domicile of the Company. The following table provides an analysis of the Group's turnover from external customers and non-current assets.

	Turnover from external customers		Non-current assets	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**46,336**	12,730	**56,813**	42,929
Mainland China	**91,556**	96,014	**337,926**	351,192
Macau	**715,339**	715,438	**891,396**	790,967
	806,895	811,452	**1,229,322**	1,142,159
	853,231	824,182	**1,286,135**	1,185,088

The geographical location of customers is based on the location at which the goods and services are delivered. For goodwill and other intangible assets, the geographical location is based on the areas of operation of cash generating units ("CGUs"). The geographical location of other non-current assets is based on the physical location of the assets.

(d) Information about major customers

There was no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 December 2016 and 2015.

5. TURNOVER

Turnover represented sales of food and catering, food souvenir and rental income from investment properties. The amounts of each significant category of revenue recognised in turnover during the reporting period were as follows:

	2016	2015
	HK$'000	*HK$'000*
Sales of food and catering	**781,585**	748,045
Sales of food souvenir	**50,509**	45,877
Gross rental income from investment properties	**21,137**	30,260
	853,231	824,182

6. OTHER REVENUE

	2016 HK$'000	2015 HK$'000
Interest income	**1,200**	4,068
Dividend income	**124**	145
Management fee income	**4,473**	4,838
Rental income from staff quarter and others	**3,264**	3,668
Others	**2,692**	1,798
	11,753	14,517

7. OTHER GAINS AND LOSSES

	2016 HK$'000	2015 HK$'000
Exchange (loss)/gain, net	**(421)**	4,625
Fair value (loss)/gain of investment properties	**(8,113)**	15,868
Net compensation from tenant	**13,466**	–
Loss on disposal of property, plant and equipment	**(547)**	(1,027)
Impairment loss on property, plant and equipment	**–**	(26,822)
Reversal of impairment loss on property, plant and equipment	**579**	–
Written off of property, plant and equipment	**(1,841)**	(29,675)
Impairment loss on trade receivables *(Note 17)*	**(22)**	(1)
Fair value gain/(loss) of financial assets at fair value through profit or loss	**470**	(1,567)
	3,571	(38,599)

8. LOSS BEFORE INCOME TAX

Loss before income tax was arrived at after charging:

	2016 HK$'000	2015 HK$'000
Cost of inventories recognised as expenses	**265,009**	243,796
Direct operating expenses arising from investment properties that generated rental income during the year	**1,816**	3,013
Cost of sales	**266,825**	246,809
Employee costs	**295,103**	297,528
Depreciation of property, plant and equipment	**46,133**	48,012
Amortisation of other intangible assets *(Note 15)*	**1,608**	990
Auditor's remuneration	**1,880**	1,810
Equity settled share-based payment for eligible person other than staff	**–**	297
Operating lease charges on properties		
– Contingent rentals*	**6,763**	8,338
– Minimum lease payments	**102,788**	89,467

* Contingent rentals are calculated, based on a percentage of the relevant sales of the restaurants/shops pursuant to the relevant rental agreements.

9. FINANCE COSTS

	2016 *HK$'000*	2015 *HK$'000*
Interest on interest bearing borrowings:		
– Repayable within five years	**2,149**	5,357
– Repayable over five years	**6,127**	4,116
	8,276	9,473
Less: Amount capitalised	**(978)**	(87)
	7,298	9,386

10. INCOME TAX (CREDIT)/EXPENSE

The amount of income tax (credit)/expense in the consolidated statement of comprehensive income represented:

	2016 *HK$'000*	2015 *HK$'000*
Current tax – Macau Complementary Income Tax		
– Current year	**12,134**	13,236
– Over-provision in respect of prior years	**(15,780)**	(9,891)
	(3,646)	3,345
Deferred tax		
– (Credit)/Charge for the year	**(598)**	3,837
Income tax (credit)/expense	**(4,244)**	7,182

Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits for the year. The maximum tax rate is 12% for the year ended 31 December 2016 (2015: 12%).

Mainland China Enterprise Income Tax ("EIT") is calculated at rate of 25% (2015: 25%). No provision for EIT has been made as Mainland China subsidiaries had no assessable profits for EIT for the years ended 31 December 2016 and 2015. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits for Hong Kong Profits Tax for the years ended 31 December 2016 and 2015.

At the end of the reporting period, the Group had unused tax losses of HK$110,193,000 (2015: HK$102,753,000) in Mainland China available for offset against future profits which will expire in five years. At the end of the reporting period, the Group had unused tax loss of HK$13,766,000 (2015: HK$13,669,000) in Hong Kong are available for offset against future profits of the companies in which the losses arose. At the end of the reporting period, the Group had unused tax losses of HK$194,344,000 (2015: HK$157,415,000) in Macau available for offset against future taxable profits which will expire in three years. No deferred tax asset in respect of the tax losses has been recognised due to the unpredictability of future profits streams.

10. INCOME TAX (CREDIT)/EXPENSE – Continued

The income tax (credit)/expense for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2016	2015
	HK$'000	*HK$'000*
Loss before income tax	**(2,502)**	(43,275)
Tax calculated at the applicable Macau corporate tax rates of 12% (2015:12%)	**(300)**	(5,193)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(2,776)**	(11,122)
Tax effect of expenses not deductible for tax purposes	**3,809**	10,551
Tax effect of revenue not taxable for tax purposes	**(1,143)**	(1,385)
Tax effect of tax losses not recognised	**11,946**	24,222
Over-provision in respect of prior years	**(15,780)**	(9,891)
Income tax (credit)/expense	**(4,244)**	7,182

11. DIVIDENDS

i) Proposed dividends to owners of the Company attributable to the year:

	2016	2015
	HK$'000	*HK$'000*
Special final, proposed – HK1.0 cent (2015: HK1.0 cent)	**6,943**	6,943

At the board meeting held on 17 March 2017, the Directors have recommended to pay a special final dividend of HK1.0 cent per ordinary share (2015: HK1.0 cent). The proposed special final dividend is not reflected as dividends payable in these financial statements.

ii) Dividends payable to owners of the Company attributable to the previous and current financial years, approved and paid during the year:

	2016	2015
	HK$'000	*HK$'000*
Special interim dividend in respect of the current financial year, approved and paid during the year of HK1.0 cent (2015: ordinary interim dividend HK1.0 cent) per ordinary share	**6,943**	6,943
Final dividend in respect of the previous financial year, approved and paid in 2015 of HK1.0 cent (2014: HK3.0 cents) per ordinary share	**6,943**	20,829
	13,886	27,772

12. LOSS PER SHARE

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

(a) Basic loss per share

	2016	2015
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(1,539)**	(45,907)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic loss per share	**694,302,420**	694,302,420
Basic loss per share (HK cents)	**(0.22)**	(6.61)

(b) Diluted loss per share

No diluted loss per share because the exercise price of the Company's options was higher than the average market price for 2016 and 2015.

13. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year of 2016, save as disclosed elsewhere in this announcement, the Group had the following significant transactions with related parties:

(a) During the year of 2016, the Group received management fee income and promotion fee income of approximately HK$3,632,000 (2015: HK$3,602,000) and HK$841,000 (2015: HK$1,236,000) respectively, on a reimbursement of expenses sharing basis, from several companies of which a director of the Company is also a director and holds an ultimate non-controlling interest of such companies.

(b) During the year of 2016, the Group paid rental of HK$3,600,000 (2015: HK$4,800,000) to Mr. Chan Chak Mo ("Mr. Chan") under the lease agreement dated 29 August 2014 ("Lease Agreement") between Mr. Chan (as landlord) and Bright Elite Gourmet Company Limited ("Bright Elite"), a subsidiary of the Company (as tenant) where Bright Elite has leased the shop premise located at a Em Macua, Patio Da Ameaca No. 1-A, Res-do-Chao A com Sobreloja, Macau with a gross floor area of approximately 74 square meters for a term of three years commencing from 1 October 2014 to 30 September 2017 at a monthly rental of HK$400,000 for the first two years and HK$460,000 for the third year. In December 2015, Mr. Chan has agreed in writing to reduce the monthly rental of HK$400,000 from 1 January 2016 to 30 September 2016 and HK$460,000 from 1 October 2016 to 31 December 2016 payable by Bright Elite under the Lease Agreement to a monthly rental of HK$300,000 from 1 January 2016 to 31 December 2016 with the other terms of the Lease Agreement remaining valid. In January 2017, Mr. Chan has agreed in writing to reduce the monthly rental of HK$460,000 payable by Bright Elite under the Lease Agreement to a monthly rental of HK$300,000 from 1 January 2017 to 30 September 2017 with the other terms of the Lease Agreement remaining valid.

(c) As at 31 December 2016, one (2015: Nil) secured bank loan of approximately HK$65,033,000 (2015: Nil) of the Group contained a covenant that Mr. Chan and his associates had to hold not less than 35% equity interest holding of the Company. As at 31 December 2016, two (2015: one) mortgage loans of approximately HK$105,962,000 (2015: HK$119,963,000) and approximately HK$54,915,000 (2015: Nil) of the Group contained a covenant that Mr. Chan and his associates had to hold not less than 37% (2015: 37%) equity interest holding of the Company. As at 31 December 2016, one (2015: one) unsecured bank loan of approximately HK$51,659,000 (2015: HK$24,000,000) with maximum facility of HK$80,000,000 and a bank overdraft facility with maximum facility of MOP40,000,000 (equivalent to HK$38,835,000) of the Group contained a covenant that Mr. Chan and his associates had to hold not less than 37% equity interest holding of the Company. As at 31 December 2015, two unsecured bank loans of approximately HK$58,450,000 and approximately HK$5,845,000 with maximum facility of HK$58,450,000 and HK$35,070,000 respectively of the Company contained a covenant that Mr. Chan and his associates had to hold not less than 40% equity interest holding of the Company.

(d) The remuneration of directors and other members of key management during the year of 2016 are disclosed in the section headed "Notes to the Financial Statements" of the Company's 2016 annual report.

14. GOODWILL

	2016	2015
	HK$'000	*HK$'000*
Cost		
At 1 January and 31 December	**81,781**	81,781

For the purpose of impairment testing, goodwill is allocated to the CGUs under the food and catering segment. The CGUs were identified as follows:

	2016	2015
	HK$'000	*HK$'000*
Kanysia Investments Limited ("Kanysia Group")	**61,775**	61,775
Era Catering Management Company Limited ("Era Catering")	**6**	6
Nippon Gourmet Trading Company Limited ("Nippon Gourmet")	**20,000**	20,000
	81,781	81,781

The recoverable amounts of the CGU have been determined from value-in-use calculations based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period is extrapolated at zero growth rate, which does not exceed the long-term growth rate for the business in which the CGU operates. Key assumptions are as follows:

	2016	2015
	%	*%*
Discount rate	**12**	12
Operating margin	**14 to 46**	18 to 49
Growth rate within five-year period	**0 to 5**	0 to 5

Operating margins have been determined based on past performance, and management's expectations for market share, after taking into consideration published market forecast and research. The weighted average growth rate used is consistent with the forecasts included in industry reports. The growth rate reflects the long-term average growth rate for the product line of the CGU. Discount rates used are pre-tax and reflect specific risks related to the CGU. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate recoverable amounts to be lower than the aggregate carrying amounts of the Kanysia Group, Era Catering and Nippon Gourmet.

15. OTHER INTANGIBLE ASSETS

	Trademark *HK$'000*	Franchise *HK$'000*	Royalties *HK$'000*	Total *HK$'000*
Cost				
At 1 January 2016	**3,883**	**7,893**	**1,170**	**12,946**
Additions – externally acquired	**–**	**367**	**–**	**367**
Exchange adjustment	**–**	**(127)**	**–**	**(127)**
At 31 December 2016	**3,883**	**8,133**	**1,170**	**13,186**
Accumulated amortisation				
At 1 January 2016	**–**	**1,006**	**312**	**1,318**
Amortisation	**–**	**1,241**	**367**	**1,608**
Exchange adjustment	**–**	**(28)**	**–**	**(28)**
At 31 December 2016	**–**	**2,219**	**679**	**2,898**
Cost				
At 1 January 2015	3,883	10,113	–	13,996
Additions – externally acquired	–	217	1,170	1,387
Cancellation of a franchise	–	(2,340)	–	(2,340)
Exchange adjustment	–	(97)	–	(97)
At 31 December 2015	3,883	7,893	1,170	12,946
Accumulated amortisation				
At 1 January 2015	–	344	–	344
Amortisation	–	678	312	990
Exchange adjustment	–	(16)	–	(16)
At 31 December 2015	–	1,006	312	1,318
Net book value				
At 31 December 2016	**3,883**	**5,914**	**491**	**10,288**
At 31 December 2015	3,883	6,887	858	11,628

Impairment tests for trademark

For the purpose of impairment testing, trademark is allocated to one of the CGU under the food souvenir segment. The recoverable amount of above CGU has been determined based on value-in-use calculations, covering a detailed five-year budget plan, followed by an extrapolation of expected cash flows at the average growth rates of 0% to 5% and pre-tax discount rate of 12% estimated by management.

The key assumptions for the Group have been determined by the Group's management based on past performance and its expectations for the industry development. The discount rate used is pre-tax and reflect specific risks relating to the food souvenir segment.

Apart from the considerations described in determining the value-in-use of the CGU, the Group's management is not currently aware of any other probable changes that would necessitate changes in key estimates.

16. INTEREST IN JOINT VENTURE

	2016	2015
	HK$'000	*HK$'000*
Share of net assets	**9,508**	13,218

The Group has a 51% (2015: 51%) interest in a material joint venture, "Studio City Shiki Hotpot Restaurant", a restaurant located in Studio City in Macau, with an original investment cost of HK$14,280,000 in 2015. The primary activity of this restaurant is food and beverage business, which is in line with the Group's strategy to expand the food and beverage business division.

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with Studio City Shiki Hotpot Restaurant. Under HKFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method. The Group's share of loss of joint venture for the year ended 31 December 2016 was HK$3,710,000 (2015: HK$1,062,000).

Amount due from/to joint venture as at 31 December 2016 was unsecured, interest free and repayable on demand.

Summarised financial information in relation to the joint venture is presented below:

	2016	2015
	HK$'000	*HK$'000*
As at 31 December		
Current assets	**6,846**	16,692
Non-current assets	**15,189**	19,140
Current liabilities	**(3,392)**	(9,915)
Included in the above amounts are:		
Cash and cash equivalents	**3,984**	6,958
Amount due from the Group	**–**	4,348
Amount due to the Group	**(645)**	–
Year ended 31 December		
Revenues	**13,773**	2,359
Loss and total comprehensive loss for the year	**(7,275)**	(2,083)
Included in the above amounts are:		
Depreciation and amortisation	**3,961**	660

17. TRADE AND OTHER RECEIVABLES

The Group's sales to customers are mainly on a cash and credit card settlement. Trade receivables mainly represent the revenue collected by the operators on the Group's behalf where the restaurants of the Group are located. The credit terms granted to these operators are 30 days from the sales made.

	2016	2015
	HK$'000	*HK$'000*
Current portion		
Trade receivables	**29,597**	27,270
Prepayments and deposits	**45,831**	89,280
Other receivables	**1,971**	2,401
Total	**77,399**	118,951
Non-current portion		
Prepayments and deposits (Note a)	**19,533**	38,448

Note a: As at 31 December 2016 and 2015, these balances mainly represented deposits paid for acquisition of property, plant and equipment and deposits paid for guarantee of development of investment properties under construction.

Included in trade and other receivables are trade receivables (net of impairment losses) with the following ageing analysis as of the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
Current *(Note b)*	**24,130**	22,190
Less than 3 months past due	**5,320**	4,730
More than 3 months past due	**147**	350
Amount past due as of the end of the reporting period but not impaired *(Note c)*	**5,467**	5,080
Total	**29,597**	27,270

Note b: These balances that were neither past due nor impaired, related to a number of debtors that have good track records of payment with the Group. Based on the past experience, the management has estimated that the carrying amounts could be fully recovered.

Note c: These receivables that were past due but not impaired, related to a number of independent customers that have a good track record with the Group. Based on the past experience, the management has believed that no impairment allowance would be necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

17. TRADE AND OTHER RECEIVABLES – Continued

The ageing analysis of the trade receivables based on invoice date (net of impairment losses) is as follows:

	2016	2015
	HK$'000	*HK$'000*
0 to 90 days	**29,450**	26,920
91 days to 365 days	**50**	235
Over 365 days	**97**	115
Total	**29,597**	27,270

The below table reconciled the impairment loss of trade receivables for the year:

	2016	2015
	HK$'000	*HK$'000*
At 1 January	**3,480**	3,479
Impairment loss (*Note 7*)	**22**	1
At 31 December	**3,502**	3,480

The Group recognised impairment loss based on the accounting policy stated in the section headed "Notes to the Financial Statements" of the Company's 2016 annual report.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss:		
– Listed in Hong Kong held for trading	**3,948**	3,478

The financial assets are traded on active liquid markets. The fair values are determined with reference to quoted market prices which are under level 1 (quoted prices (unadjusted) in active markets for identical assets or liabilities) of fair value hierarchy under HKFRS 7.

19. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**61,773**	56,256
Accruals and provision	**52,924**	49,398
Construction and other payables	**61,427**	34,438
Deposit received in advance	**–**	709
Deferred rental benefit	**4,318**	5,049
Total	**180,442**	145,850

Included in trade payables are trade creditors with the following ageing analysis as of the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**59,942**	49,503
91 to 180 days	**190**	1,152
181 to 365 days	**472**	1,179
More than 365 days	**1,169**	4,422
Total	**61,773**	56,256

CHAIRMAN'S STATEMENT

The board of Directors is pleased to present to our shareholders the annual results of the Group for the year ended 31 December 2016 ("Year").

The year of 2016 was a year of improvement for the Group's performance with a substantial reduction of its losses, as compared to the year of 2015. The Group has sustained a loss attributable to owners of the Company of some HK$15.7 million for the first half of 2016, but has been able to achieve a profit attributable to owners of the Company of some HK$14.2 million for the second half of 2016. The operating environment of the Group in the Year has been quite tough and challenging in the first half of 2016, and improved in the second half of 2016 with steady increases in visitor inflow to Macau and Macau Gross Gaming Revenue. All these have positively impacted the Group's business in the second half of 2016. A total of 16.186 million visitors to Macau were recorded in the second half of 2016, as against 15.958 million visitors to Macau in the second half of 2015, representing a slight marginal increase of 1.42%. The Macau Gross Gaming Revenue has improved by 5.66% in the second half of 2016, as compared to the second half of 2015. A total of 30.95 million visitors to Macau were recorded in 2016 as against 30.714 million visitors to Macau in 2015, while the visitor spending was about MOP1,701 per person in 2016 as against the level of visitor spending at MOP1,665 per person in 2015. The Macau Gross Gaming Revenue has reduced by 3.31% in 2016 as compared to those of 2015.

The Group's total turnover for the Year reached at HK$853.23 million witnessing a mild 3.5% increase, as against of HK$824.18 million turnover in 2015. The Group has recorded an overall loss attributable to owners of the Company at some HK$1.5 million for the Year, as compared to the loss attributable to owners of the Company of some HK$45.9 million for the year of 2015. Such loss attributable to owners of the Company of HK$1.5 million for the Year has been mainly incurred in the first half of 2016 and has been due to the loss attributable to the Group's food souvenir business and the soft performance in the Group's restaurants in Macau in that period. In September 2016, the Group has recorded an one-off net gain of HK$13.5 million ("Special Compensation") arising from the compensation paid by the then tenant for its early termination of the tenancy for the Group's leased property in Macau ("Leased Property") comprising whole of the ground floor to third floor, basement level 2, and portion of basement level 1 & 3 of the 6-storey commercial building at Centro Commercial E Turistico "S. Paulo", Largo da Companha de Jesus N2.

As at 31 December 2016, the Leased Property and the Group's land at Hengqin Island ("Hengqin Land") have been valued by an independent professional valuer at some HK$513.0 million (31 December 2015: HK$524.0 million) and HK$267.4 million (equivalent to RMB239.8 million) (31 December 2015: HK$272.5 million (equivalent to RMB233.1 million)) respectively. The Group has recorded a net fair value loss of some HK$9.7 million in respect of the Leased Property, but due to the then slight appreciation of Hong Kong dollar against Renminbi in 2016, recorded a net fair value gain of HK$2.2 million in respect of its Hengqin Land. The profit attributable to owners of the Company excluding any special/non-recurring income or any net fair value gain/loss from the investment properties, but including the Special Compensation ("Net Ordinary Operating Profit") for the year of 2016 was HK$6.0 million, as against a net ordinary operating loss of some HK$57.9 million in 2015.

Also for the Year in respect of the exchange differences on translating foreign operations which relate mainly to the Group's subsidiary companies in Mainland China, the Group has recorded an overall other comprehensive loss of some HK$14.9 million of the Group for the Year, representing a decrease of 34.1% as compared to an overall other comprehensive loss of some HK$22.6 million in 2015. Details of financial analysis and breakdown on the Group's performance are set out in the section headed "Management Discussion and Analysis" below.

It has always been the policy of the Company to maintain a healthy dividend payout policy, hopefully at a payout ratio of not less than 30% of our Group's annual Net Ordinary Operating Profit. In view of recording a loss for the year of 2016 and to extend the Company's gratitude towards the support of its shareholders, the Directors propose to declare and pay out of the Company's retained earnings, a special final dividend of HK1.0 cent per share in respect of the year of 2016 where such special final dividend is a non-recurrent special dividend.

Food and Catering Business Review

Restaurant Chain (self-owned and under franchise)

During 2016, the Group's restaurant chain business has attained a profit before non-controlling interests of some HK$4.9 million in the first half of 2016 and some HK$35.1 million in the second half of 2016. The overall operating environment of the Group's restaurants has been tough and challenging in the first half of 2016, and improved somewhat in the second half of 2016 with the then steady increases in visitor inflow to Macau and Macau Gross Gaming Revenue. The performance of the Group's restaurants in Macau has been much in line with the then economic condition of Macau, with a total turnover of some HK$781.6 million, as compared to some HK$748.0 million in 2015. The Group's Japanese restaurants have recorded a total turnover of some HK$266.2 million with a drop of some 11.3% in its turnover in 2016, as against its turnover of some HK$300.2 million in 2015. And the performance of the Group's franchise restaurants has been encouraging with its turnover reaching some HK$89.6 million with an increase of some 136.4%, as compared to some HK$37.9 million in 2015. Management has taken steps to reduce its operations costs including to seek rental reduction from the landlords of its rented restaurants and shops. Details of the turnover breakdown and same store performance in different cuisines are set out in the section headed "Management Discussion and Analysis" below.

Management has in the Year opened new restaurants in Macau, Hong Kong and Guangdong: (i) two self-owned restaurants and a franchise restaurant under the brand name of "Pepper Lunch" in Sam's Club, Zhuhai, (ii) two franchise Japanese ramen restaurants under the brand name of "Bari-Uma" in Hong Kong and in Macau, (iii) two franchise restaurants under the brand names of "Mad for Garlic" and "Bistro Seoul" in Hong Kong, (iv) three self-owned restaurants, two food court counters and a franchise food court counter under the brand name of "Pepper Lunch" at the new casino shopping mall of The Parisian Macao, Cotai, (v) a franchise restaurant under the brand name of "Pepper Lunch" in Macau, and (vi) a sandwich bar and a franchise coffee shop under the brand name of "Pacific Coffee" in Macau. And the Group will open a Japanese restaurant "Edo" at Sheraton Zhuhai Hotel in early 2017. Management is planning to open three restaurants in Hong Kong for its franchised restaurants. Management has closed one restaurant and two food souvenir shops during the Year. Management is also exploring the viability of cautiously expanding its mass market restaurants in the Taiwan market.

Food and Catering Business Review – Continued

Industrial Catering Business

The Group's industrial catering business has always been derived from its operations of providing the canteen services for universities and school with a steady and modest turnover of some HK$45.3 million in 2016, representing a slight drop of some 6.2% as compared to those of 2015. In 2016, the Group has operated two canteens at University of Macau in Hengqin Island, a canteen at International School of Macau and a canteen at Macau University of Science and Technology. With the soft economic situation in Macau in 2016, its industrial catering business has helped maintain steady revenue to the Group. Management is planning to renew some of its operation contracts to continue to provide the canteen services for the University of Macau in Hengqin Island.

The Group's central food and logistic processing centre in the Macau is in its final stage of construction with completion to take place sometime in early half of 2017.

Wholesales of Japanese food and materials Business

The Group's wholesale business of Japanese food and materials has improved in 2016. And this business was profitable in 2016 with turnover of some HK$50.5 million in 2016, representing a growth of some 38.7% as compared to those of 2015. This industrial catering business has helped maintain steady revenue to the Group. Management is actively looking for opportunities to expand the sales channels of this business both locally and in Zhuhai.

Food Souvenir Business Review

The Group's food souvenir business under the brand names of "澳門英記餅家 Macau Yeng Kee Bakery" and "澳門英記餅家 Ou Mun Ieng Kei Peng Ka" remains an indispensable part of the Group's business. This business has performed in line with the economic ups and downs in Macau in 2016, during which management has strived to enhance operating cost efficiency and expanding its sales channels. These have included to improve its sales with more stores and kiosks, and online sales platforms, as well as exploring the markets in Mainland China and overseas countries. Details of the list of shops and kiosks of this business are set out in the section headed "List of Food Souvenir Shops/Kiosks" of the Company's 2016 annual report.

Food Souvenir Business Review – Continued

In 2016, this business has recorded a total turnover of some HK$50.5 million with a loss attributable to owners of the Company of some HK$26.1 million, as against the turnover of some HK$45.9 million with a loss attributable to owners of the Company of some HK$51.5 million in 2015. In 2016, to address the soften market condition, management has sought for, and succeeded to get, some rental reduction in respect of its shop outlets for the year of 2016. The Group has also secured from the Group's substantial shareholder – Mr. Chan Chak Mo, a monthly rental reduction from HK$460,000 to HK$300,000 for 9 months with effect from 1 January 2017 in respect of the shop premises in Macau which he has rented out to the Group for its Yeng Kee business. Management is fully aware of the challenges ahead and has been continuing to expand more sales channels (local and overseas) for its food souvenir products to build up its sales. Details of the financial analysis of this business are set out in the section headed "Management Discussion and Analysis" below.

Property Investment Business Review

The Group's property investment business has been under pressure due to the soft economic condition in Macau especially when its Leased Property has since October 2016 been left without a tenant. In September 2016, the Group has recorded the Special Compensation arising from the compensation paid by the then tenant for its early termination of the tenancy for the Leased Property. Management is now actively looking for a tenant for the Leased Property.

The Group has started its foundation works for its property development project at its Hengqin Land upon obtaining the permit for its foundation works in January 2017. The Group has applied for its application for extension of different development milestones and is still waiting for the outcome of such application. The Group has also, under a recent investigation of possible idle land by the local Hengqin Island land authority, made a submission to deny that the Group's land at its Hengqin Island has been an idle land, and the Group is still waiting for the outcome of such submission. Management is still reviewing and considering the Group's resources as well as its capital commitment, plan and work schedule for the development of its Hengqin Land, with a view to bring in an appropriate joint venture partner.

Outlook

The slightly improved economic condition since the second half of 2016, has led to an overall better performance of the Group's business for the whole of 2016. Management expects that the operating environment of the Group in 2017 should still be challenging, but may continue to improve hopefully with steady increases in visitor inflow to Macau and Macau Gross Gaming Revenue. The Group's current business strategy is to cautiously open new restaurants or food souvenir shops to generate more revenue with a focus more on mass market restaurants. The Group is taking a constant and continuous process of reviewing its business strategy to maintain its local market leading position. The Group is also exploring the viability of cautiously expanding its mass market restaurants into other markets. I am confident that the Group would be able to face up with the challenges ahead and come out stronger and as resilient ever.

CHAN SEE KIT, JOHNNY
Chairman

Hong Kong
17 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

The turnover of the Group was approximately HK$853.2 million for the year ended 31 December 2016, representing an increase of approximately 3.5% as compared to those of 2015 of HK$824.2 million.

Details of turnover breakdown are as follows:

	For the year ended 31 December		
	2016	2015	2014
	HK$'million	*HK$'million*	*HK$'million*
TURNOVER			
Restaurants:			
Japanese restaurants	**266.2**	300.2	400.0
Chinese restaurants	**185.3**	180.2	188.3
Western and other restaurants *(Note 1)*	**85.6**	80.6	69.6
Food court counters	**59.1**	64.4	60.2
Franchise restaurants *(Note 2)*	**89.6**	37.9	29.1
	685.8	663.3	747.2
Industrial catering	**45.3**	48.3	39.8
Food wholesale	**50.5**	36.4	33.2
Food and catering business	**781.6**	748.0	820.2
Food souvenir business	**50.5**	45.9	14.8
Property investment business	**21.1**	30.3	23.9
Total	**853.2**	824.2	858.9

FINANCIAL REVIEW – Continued

Turnover – Continued

Below is a table of comparison of the turnover for the years ended 31 December 2016 and 2015:

	2016	Change	2015
	HK$'million	%	*HK$'million*
TURNOVER			
Restaurants:			
Japanese restaurants	**266.2**	–11.3%	300.2
Chinese restaurants	**185.3**	+2.8%	180.2
Western and other restaurants *(Note 1)*	**85.6**	+6.2%	80.6
Food court counters	**59.1**	–8.2%	64.4
Franchise restaurants *(Note 2)*	**89.6**	+136.4%	37.9
	685.8	+3.4%	663.3
Industrial catering	**45.3**	–6.2%	48.3
Food wholesale	**50.5**	+38.7%	36.4
Food and catering business	**781.6**	+4.5%	748.0
Food souvenir business	**50.5**	+10.0%	45.9
Property investment business	**21.1**	–30.4%	30.3
Total	**853.2**	+3.5%	824.2

Note 1: The turnover relating to "Western and other restaurants" item included turnover from the Group's Western restaurants, Food Paradise at Macau International Airport, 2 sandwich bars and Royal Thai Kitchen Restaurant.

Note 2: The turnover relating to "Franchise restaurants" item included turnover from the Group's Pacific Coffee shops, Pepper Lunch, Bari-Uma ramen, Mad for Garlic and Bistro Seoul restaurants.

The increase in turnover of the Group's food and catering business was mainly attributable to the increase in sales from the Group's newly opened restaurants. The turnover growth in the Group's food souvenir business was mainly attributable to the increase of sales from the Group's newly opened Yeng Kee bakery shops in Macau in 2016. The decrease in turnover of the Group's property investment business was attributable to the lack of rental income as a result of the early termination of lease agreement of the Leased Property in Macau since October 2016.

FINANCIAL REVIEW – Continued

Turnover – Continued

Below is a table of comparison of the turnover of the first, second, third and fourth quarters of 2016 and 2015:

	2016	Change	2015
	HK$'million	%	*HK$'million*
TURNOVER			
First quarter	**199.9**	–6.7%	214.3
Second quarter	**191.0**	–1.0%	193.0
Third quarter	**221.8**	+7.3%	206.8
Fourth quarter	**240.5**	+14.5%	210.1
Total	**853.2**	+3.5%	824.2

Details of the Group's turnover breakdown of the first, second, third and fourth quarters of 2016 are as follows:

	2016			
	Fourth Quarter	**Third quarter**	**Second quarter**	**First quarter**
	HK$'million	***HK$'million***	***HK$'million***	***HK$'million***
TURNOVER				
Restaurants:				
Japanese restaurants	**71.0**	**64.5**	**62.1**	**68.6**
Chinese restaurants	**49.3**	**46.5**	**42.8**	**46.7**
Western and other restaurants	**25.3**	**22.6**	**18.4**	**19.3**
Food court counters	**18.5**	**16.6**	**10.9**	**13.1**
Franchise restaurants	**34.1**	**27.2**	**16.4**	**11.9**
	198.2	**177.4**	**150.6**	**159.6**
Industrial catering	**14.9**	**9.2**	**9.2**	**12.0**
Food wholesale	**16.0**	**12.3**	**13.0**	**9.2**
Food and catering business	**229.1**	**198.9**	**172.8**	**180.8**
Food souvenir business	**11.4**	**15.9**	**10.9**	**12.3**
Property investment business	**–**	**7.0**	**7.3**	**6.8**
Total	**240.5**	**221.8**	**191.0**	**199.9**

FINANCIAL REVIEW – Continued

Turnover – Continued

Details of the Group's turnover breakdown of the first, second, third and fourth quarters of 2015 are as follows:

	2015			
	Fourth Quarter *HK$'million*	Third quarter *HK$'million*	Second quarter *HK$'million*	First quarter *HK$'million*
TURNOVER				
Restaurants:				
Japanese restaurants	75.8	70.7	71.6	82.1
Chinese restaurants	44.9	40.6	42.2	52.5
Western and other restaurants	18.8	22.6	20.8	18.4
Food court counters	13.9	17.6	15.0	17.9
Franchise restaurants	12.0	11.1	7.9	6.9
	165.4	162.6	157.5	177.8
Industrial catering	15.5	9.9	10.2	12.7
Food wholesale	8.2	9.2	9.9	9.1
Food and catering business	189.1	181.7	177.6	199.6
Food souvenir business	13.4	17.5	7.9	7.1
Property investment business	7.6	7.6	7.5	7.6
Total	210.1	206.8	193.0	214.3

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Turnover – Continued

Same Store Performance

Below is a table of comparison of the Group's same store performance (Note 3) of its restaurants, industrial catering business and food souvenir business in term of their aggregate turnover for the first, second, third, fourth quarters and the whole year of 2016 and 2015:

	2016	Change	2015
	HK$'million	*%*	*HK$'million*
TURNOVER			
First quarter	**173.7**	–6.8%	186.4
Second quarter	**161.1**	–4.5%	168.7
Third quarter	**179.6**	–3.5%	186.1
Fourth quarter	**184.4**	–3.8%	191.6
Whole year	**714.2**	–2.9%	735.3

Details of the Group's same store performance (Note 3) of its restaurants, industrial catering business and food souvenir business in term of turnover for the first, second, third and fourth quarters of 2016 and 2015 and the whole year of 2016 and 2015 are as follows:

		First quarter	
	2016	Change	2015
	HK$'million	*%*	*HK$'million*
TURNOVER			
Restaurants:			
Japanese restaurants	**66.6**	–16.5%	79.8
Chinese restaurants	**46.7**	–2.7%	48.0
Western and other restaurants	**18.6**	+1.1%	18.4
Food court counters	**13.1**	–8.4%	14.3
Franchise restaurants	**7.3**	+5.8%	6.9
	152.3	–9.0%	167.4
Industrial catering	**12.0**	–5.5%	12.7
	164.3	–8.8%	180.1
Food souvenir business	**9.4**	+49.2%	6.3
	173.7	–6.8%	186.4

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same quarters/years of 2016 and 2015 only.

FINANCIAL REVIEW – Continued

Turnover – Continued

Same Store Performance – Continued

	Second quarter		
	2016	Change	2015
	HK$'million	*%*	*HK$'million*
TURNOVER			
Restaurants:			
Japanese restaurants	**62.1**	–10.4%	69.3
Chinese restaurants	**42.8**	+3.9%	41.2
Western and other restaurants	**17.9**	–13.9%	20.8
Food court counters	**10.9**	–9.9%	12.1
Franchise restaurants	**8.1**	+2.5%	7.9
	141.8	–6.3%	151.3
Industrial catering	**9.2**	–9.8%	10.2
	151.0	–6.5%	161.5
Food souvenir business	**10.1**	+40.3%	7.2
	161.1	–4.5%	168.7

	Third quarter		
	2016	Change	2015
	HK$'million	*%*	*HK$'million*
TURNOVER			
Restaurants:			
Japanese restaurants	**63.4**	–7.3%	68.4
Chinese restaurants	**46.5**	+14.5%	40.6
Western and other restaurants	**19.4**	–14.2%	22.6
Food court counters	**14.9**	–8.6%	16.3
Franchise restaurants	**11.8**	+6.3%	11.1
	156.0	–1.9%	159.0
Industrial catering	**9.2**	–7.1%	9.9
	165.2	–2.2%	168.9
Food souvenir business	**14.4**	–16.3%	17.2
	179.6	–3.5%	186.1

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Turnover – Continued

Same Store Performance – Continued

	Fourth quarter		
	2016	Change	2015
	HK$'million	*%*	*HK$'million*
TURNOVER			
Restaurants:			
Japanese restaurants	**66.2**	–10.9%	74.3
Chinese restaurants	**49.3**	+9.8%	44.9
Western and other restaurants	**18.9**	+0.5%	18.8
Food court counters	**11.7**	–11.4%	13.2
Franchise restaurants	**12.7**	+5.8%	12.0
	158.8	–2.7%	163.2
Industrial catering	**14.9**	–3.9%	15.5
	173.7	–2.8%	178.7
Food souvenir business	**10.7**	–17.1%	12.9
	184.4	–3.8%	191.6

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

FINANCIAL REVIEW – Continued

Turnover – Continued

Same Store Performance – Continued

	Whole year		
	2016	Change	2015
	HK$'million	*%*	*HK$'million*
TURNOVER			
Restaurants:			
Japanese restaurants	**260.3**	–11.4%	293.8
Chinese restaurants	**185.3**	+6.0%	174.8
Western and other restaurants	**75.7**	–6.1%	80.6
Food court counters	**50.6**	–9.5%	55.9
Franchise restaurants	**47.4**	+25.1%	37.9
	619.3	–3.7%	643.0
Industrial catering	**45.3**	–6.2%	48.3
	664.6	–3.9%	691.3
Food souvenir business	**49.6**	+12.7%	44.0
	714.2	–2.9%	735.3

FINANCIAL REVIEW – Continued

Gross margin (the Group's turnover less food costs)

The gross margin (being the Group's turnover less food costs) of the Group for the year ended 31 December 2016 was about HK$586.4 million, representing an increase of approximately 1.6% as compared to those of HK$577.4 million of 2015. The slight increase in gross margin was mainly attributable to the increase in turnover of the Group's business.

The gross margin ratio (being gross margin over turnover) of the Group for the year ended 31 December 2016 was about 68.7%, representing a decrease of 1.4% as compared to those of last year of 70.1%. The slight decrease in gross margin ratio was mainly attributable to an increase of some 8.1% in food costs of the Group. The Group has over the last three years maintained steady healthy gross margin and gross margin ratio as follows:

	For the year ended 31 December		
	2016	2015	2014
	HK$'million	*HK$'million*	*HK$'million*
GROSS MARGIN			
First quarter	**140.4**	151.2	160.6
Second quarter	**128.1**	135.0	149.3
Third quarter	**156.0**	143.6	156.3
Fourth quarter	**161.9**	147.6	160.2
Total	**586.4**	577.4	626.4
Gross margin ratio*	**68.7%**	70.1%	72.9%

* Gross margin over turnover

Below is a table of comparison of the gross margin (being the Group's turnover less food costs) of the first, second, third and fourth quarters of 2016 and 2015:

	2016	Change	2015
	HK$'million	%	*HK$'million*
GROSS MARGIN			
First quarter	**140.4**	–7.1%	151.2
Second quarter	**128.1**	–5.1%	135.0
Third quarter	**156.0**	+8.6%	143.6
Fourth quarter	**161.9**	+9.7%	147.6
Total	**586.4**	+1.6%	577.4

FINANCIAL REVIEW – Continued

Gross operating profit (the Group's turnover less food costs and direct operating costs)

The gross operating profit (being the Group's turnover less food costs and direct operating costs) of the Group for the year ended 31 December 2016 was about HK$136.5 million, representing a mild decrease of approximately 0.7% as compared to those of last year of HK$137.4 million. The decreases in gross operating profit and gross operating profit ratio were mainly attributable to the increase in direct operating costs of the Group's food and catering business, and the decrease in turnover incurred by the Group's property investment business because of the early termination of the lease agreement of the Leased Property in Macau since October 2016. The Group's gross operating profit and gross operating profit ratio for the last three years are as follows:

	For the year ended 31 December		
	2016	2015	2014
	HK$'million	*HK$'million*	*HK$'million*
GROSS OPERATING PROFIT			
First quarter	**36.4**	39.0	84.9
Second quarter	**22.9**	28.2	72.4
Third quarter	**40.4**	31.3	47.5
Fourth quarter	**36.8**	38.9	38.5
Total	**136.5**	137.4	243.3
Gross operating profit ratio#	**16.0%**	16.7%	28.3%

\# Gross operating profit over turnover

Below is a table of comparison of the gross operating profit (being the Group's turnover less food costs and direct operating costs) of the first, second, third and fourth quarters of 2016 and 2015:

	2016	Change	2015
	HK$'million	%	*HK$'million*
GROSS OPERATING PROFIT			
First quarter	**36.4**	–6.7%	39.0
Second quarter	**22.9**	–18.8%	28.2
Third quarter	**40.4**	+29.1%	31.3
Fourth quarter	**36.8**	–5.4%	38.9
Total	**136.5**	–0.7%	137.4

FINANCIAL REVIEW – Continued

EBITDA

The EBITDA of the Group for the year ended 31 December 2016 was approximately HK$52.5 million representing an increase of approximately 247.7% as compared to those of HK$15.1 million in 2015. The increase in the EBITDA was mainly attributable to (i) the increase in the turnover of the Group's food souvenir business, (ii) the improved results attributable to the Group's restaurants at Huafa Hall, Zhuhai, and (iii) the reduced renovation impairment loss of the Group's food and catering business for the year of 2016. The Group's EBITDA and EBITDA against turnover ratio over the last three years are as follows:

	For the year ended 31 December		
	2016	2015	2014
	HK$'million	*HK$'million*	*HK$'million*
EBITDA	**52.5**	15.1	252.3
EBITDA against turnover ratio	**6.2%**	1.8%	29.5%

Net (loss)/profit

The loss attributable to owners of the Company for the year ended 31 December 2016 was approximately HK$1.5 million representing a decrease of approximately 96.7% as compared to those of HK$45.9 million in 2015. Such decrease in the loss attributable to owners of the Company was mainly attributable to (i) the increase in the turnover of the Group's food souvenir business, (ii) the improved results attributable to the Group's restaurants at Huafa Hall, Zhuhai, and (iii) the reduced renovation impairment loss of the Group's food and catering business for the year 2016, and (iv) a relatively higher amount of write-back of tax over-provision for the Group's operations in Macau in 2016 than those of that in 2015, as described in Note 10 to the section headed "Notes to the Financial Statements" of this announcement.

The (loss)/profit attributable to owners of the Company and (loss)/profit attributable to owners of the Company against turnover ratio over the last three years are as follows:

	For the year ended 31 December		
	2016	2015	2014
	HK$'million	*HK$'million*	*HK$'million*
(Loss)/Profit attributable to owners of the Company	**(1.5)**	(45.9)	168.8
(Loss)/Profit attributable to owners of the Company against turnover ratio	**(0.2)%**	(5.6)%	19.7%

FINANCIAL REVIEW – Continued

Net (loss)/profit – Continued

The Group's Net Ordinary Operating Profit (being the profit attributable to owners of the Company excluding any special non-recurring income or any net fair value gains/losses from investment properties, but including the Special Compensation) for the year ended 31 December 2016 was approximately HK$6.0 million as compared to the Net Ordinary Operating Loss for those of 2015 of HK$57.9 million. Set out below are the Net Ordinary Operating Profit/(Loss) with Net Ordinary Operating Profit/(Loss) ratio (Net Ordinary Operating Profit/(Loss) against turnover) for the last three years ended 31 December 2016:

	For the year ended 31 December		
	2016	2015	2014
	HK$'million	*HK$'million*	*HK$'million*
Net Ordinary Operating Profit/(Loss)	**6.0**	(57.9)	103.7
Net Ordinary Operating Profit/(Loss) against turnover ratio	**0.7%**	(7.0)%	12.1%

The Group's food and catering business has remained the main revenue contributor to the Group in 2016 while the Group's food souvenir business has gradually improved. The Group's operational financials of all its business (**excluding the Group's food souvenir business, the 3 restaurants and the closed food court at Huafa Mall, and any net fair value gains/losses from investment properties of the Group, but including the Special Compensation**) for the years ended 31 December 2016 and 2015 would be as follows:

	2016	Change	2015
	HK$'million	%	*HK$'million*
Turnover	**735.3**	+4.3%	705.3
Cost of sales	**(222.1)**	+13.3%	(196.1)
Gross margin	**513.2**	+0.8%	509.2
Direct operating expenses	**(351.7)**	+10.9%	(317.1)
Gross operating profit	**161.5**	–15.9%	192.1
Gross operating profit margin (%)	**22.0%**	–5.2%	27.2%
Profit attributable to owners of the Company	**48.3**	–23.3%	63.0

FINANCIAL REVIEW – Continued

(Loss)/Earnings per share

The loss per share of the Company for the year ended 31 December 2016 was some HK0.22 cents representing a decrease of approximately 96.7% as compared to loss per share of HK6.61 cents for 2015. The Group (loss)/earnings per share over the last three years are as follows:

	For the year ended 31 December		
	2016	2015	2014
	HK cents	*HK cents*	*HK cents*
(Loss)/Earnings per share – basic	**(0.22)**	(6.61)	24.77

The earnings per share of the Company based on the Net Ordinary Operating Profit for the year ended 31 December 2016 was some HK0.86 cents as compared to loss per share for those of 2015 of HK8.35 cents. Below is the earnings/(loss) per share based on the Net Ordinary Operating Profit/(Loss) over the last three years:

	For the year ended 31 December		
	2016	2015	2014
	HK cents	*HK cents*	*HK cents*
Net Ordinary Operating Profit/(Loss) per share – basic	**0.86**	(8.35)	15.22

Cash flows

The cash inflow from operating activities of the Group for the year ended 31 December 2016 has improved with approximately HK$58.4 million, representing an increase of 272.0% as compared to those of 2015 of HK$15.7 million. The Group's cash inflow from operating activities over the last three years are as follows:

	For the year ended 31 December		
	2016	2015	2014
	HK$'million	*HK$'million*	*HK$'million*
Cash inflow from operating activities	**58.4**	15.7	195.1

FINANCIAL REVIEW – Continued

Net assets

The net assets of the Group as at 31 December 2016 was approximately HK$1,047.4 million, representing a decrease of approximately 3.3% as compared to 31 December 2015 of HK$1,083.6 million. The decrease in net assets was mainly attributable to (i) dividend payments to owners of the Company and non-controlling interests of the Group, and (ii) the Group's other comprehensive loss of some HK$14.9 million for the year ended 31 December 2016 derived from exchange differences on translating foreign operations which relate mainly to the Group's subsidiaries in Mainland China. The net assets and net assets per share of the Group as at 31 December 2016, 2015 and 2014 were as follows:

	As at 31 December		
	2016	2015	2014
	HK$'million	*HK$'million*	*HK$'million*
Net assets	**1,047.4**	1,083.6	1,194.8
	HK$	*HK$*	*HK$*
Net assets per share – basic	**1.509**	1.561	1. 721

OPERATIONS REVIEW

During the year ended 31 December 2016, the Group's principal activities were in the sales of food and catering, food souvenir and property investment.

Food and Catering Business

The Group's operational financials of the Group's food and catering business for the years ended 31 December 2016 and 2015 are as follows:

	2016	Change	2015
	HK$'million	*%*	*HK$'million*
Turnover	**781.6**	+4.5%	748.0
Cost of sales	**(248.2)**	+10.9%	(223.9)
Gross margin	**533.4**	+1.8%	524.1
Direct operating expenses	**(393.6)**	+4.6%	(376.3)
Gross operating profit	**139.8**	–5.4%	147.8
Gross operating profit margin (%)	**17.9%**	–1.9%	19.8%
Profit/(Loss) attributable to owners of the Company	**27.4**	N/A	(11.7)

During the year ended 31 December 2016, the Group's food and catering business contributed some HK$781.6 million turnover representing about 91.6% of the total turnover of the Group. The increase in turnover for the Group's food and catering business was mainly attributable to the Group's new restaurants opened during the year of 2016. More details on this business are set out in the section headed "Chairman's Statement" of this announcement.

Restaurant Chain

During the year of 2016, the Group opened 14 new restaurants (including 5 self-owned restaurants and 9 franchise restaurants) but closed down 1 self-owned restaurant. The Group also opened 2 food court counters during the year of 2016. As at 31 December 2016, the Group had 55 restaurants (including 35 self-owned restaurants and 20 franchise restaurants) and 4 food court counters.

OPERATIONS REVIEW – Continued

Food and Catering Business – Continued

Restaurant Chain – Continued

Details of the number of restaurant's analysis for the last three years and as at the date of this announcement (excluded joint venture's restaurant) are listed as follows:

	As at the date of this announcement	**As at 31 December**		
		2016	2015	2014
Number of restaurants				
Japanese restaurants *(Note a)*	**9**	**10**	10	10
Chinese restaurants *(Note b)*	**9**	**9**	9	10
Western and other restaurants *(Note c)*	**13**	**13**	8	7
Franchise restaurants *(Note d)*	**19**	**19**	11	8
Industrial catering *(Note e)*	**4**	**4**	4	4
	54	**55**	42	39
Food court counters	**4**	**4**	2	21
Total	**58**	**59**	44	60
Total areas of restaurants (sq.ft.) *(Note f)*	**254,283 sq.ft.**	**258,955 sq.ft.**	221,414 sq.ft.	277,102 sq.ft.
Turnover against total areas of restaurants (per sq.ft. per annum)	**Not applicable**	**HK$3,018**	HK$3,378	HK$2,960

Note a: As at 31 December 2016, Japanese restaurants included 2 Senkizen Japanese Restaurants, 7 Edo Japanese Restaurants and 1 Musashi Japanese Restaurant.

Note b: As at 31 December 2016, Chinese restaurants included 1 Turtle Essence, 1 "456" Modern Shanghai Cuisine, 4 Shiki Hot Pot Restaurants, 1 Good Fortune Kitchen, 1 Fortune Inn Restaurant and 1 noodle congee shop.

Note c: As at 31 December 2016, Western and other restaurants included 1 Madeira Portuguese Restaurant, 2 Azores Portuguese Restaurants, 1 Vergnano Italian Restaurant, 1 Royal Thai Kitchen, 1 Old Macau, 1 multi cuisine restaurant, 3 sandwich bars, 1 Le Sourire Restaurant, 1 Vibes Restaurant and 1 Milk Republic cafe.

Note d: As at 31 December 2016, franchise restaurants included 10 Pacific Coffee, 4 Pepper Lunch, 3 Bari-Uma ramen, 1 Mad for Garlic Restaurant and 1 Bistro Seoul Restaurant.

Note e: As at 31 December 2016, industrial catering included 4 student/staff canteens.

Note f: The total gross floor areas as at 31 December 2016 and 2015 have been calculated with exclusion of 6,158 sq.ft. gross floor area attributable to its joint venture's restaurant.

OPERATIONS REVIEW – Continued

Food and Catering Business – Continued

Restaurant Chain – Continued

Number of restaurants and food court counter's analysis for the last three years by geographical (excluded joint venture's restaurant) are listed as follows:

	As at 31 December		
	2016	2015	2014
Number of restaurants			
Macau	**43**	36	34
Mainland China	**8**	5	4
Hong Kong	**4**	1	1
Total	**55**	42	39

	As at 31 December		
	2016	2015	2014
Number of food court counters			
Macau	**4**	2	2
Mainland China	**–**	–	19
Hong Kong	**–**	–	–
Total	**4**	2	21

Details of the Group's restaurants are set out in the section headed "List of Restaurants/Food Court Counters/Stores" of the Company's 2016 annual report.

OPERATIONS REVIEW – Continued

Food and Catering Business – Continued

Industrial Catering

In 2016, the Group's industrial catering business was derived from its operations of providing the canteen services for universities and school with a modest turnover of some HK$45.3 million, representing a decrease of 6.2%, as compared to those of last year of HK$48.3 million. The decrease in turnover of industrial catering business was largely attributable to the decrease in turnover of the Food Paradises in University of Macau and Macau University of Science and Technology. More details on this business are set out in the section headed "Chairman's Statement" of this announcement.

Food Wholesale

The Group's wholesale business of Japanese food and materials has improved in Macau in 2016. And this business was profitable in 2016 with some turnover of HK$50.5 million in 2016, representing a growth of some 38.7% as compared to those of 2015 of HK$36.4 million.

Food Souvenir Business

The Group's operational financials of the food souvenir business for the years ended 31 December 2016 and 2015 are as follows:

	2016 ***HK$'million***	Change %	2015 *HK$'million*
Turnover	**50.5**	+10.0%	45.9
Cost of sales	**(16.8)**	–15.2%	(19.8)
Gross margin	**33.7**	+29.1%	26.1
Direct operating expenses	**(56.3)**	–11.6%	(63.7)
Gross operating loss	**(22.6)**	–39.9%	(37.6)
Gross operating profit margin (%)	**(44.8)%**	+37.1%	(81.9)%
Loss attributable to owners of the Company	**(26.1)**	–49.3%	(51.5)

OPERATIONS REVIEW – Continued

Food Souvenir Business – Continued

During the year ended 31 December 2016, the food souvenir business has recorded some HK$50.5 million turnover representing about 5.9% of the total turnover of the Group. The increase in turnover of the food souvenir business was mainly due to the increased sales from the existing Yeng Kee bakery kiosks and the 3 newly opened Yeng Kee bakery kiosks opened in Macau during 2016. The decrease in net loss of this business was mainly due to its increase in turnover, the decrease in its direct operating loss and its reduced impairment losses in 2016. Further details of the Group's food souvenir business are set out in the section headed "Chairman's Statement" of this announcement.

During the year of 2016, the Group opened 2 new Yeng Kee bakery shops/kiosks in Macau but closed down 3 Yeng Kee bakery shops/kiosks in Macau and Mainland China. Number of Yeng Kee Bakery shops/kiosks' analysis for the last three years by geographical are listed as follows:

	As at 31 December		
	2016	2015	2014
Number of Yeng Kee bakery shops/kiosks			
Macau	**11**	10	6
Mainland China	**–**	2	–
Total	**11**	12	6

Details of Group's food souvenir shops/kiosks are set out in the section headed "List of Food Souvenir Shops/Kiosks" of the Company's 2016 annual report.

OPERATIONS REVIEW – Continued

Property Investment Business

During the year ended 31 December 2016, the Group's 6-storey commercial building in Macau has generated a steady rental income of some HK$21.1 million representing about 2.5% of the total turnover of the Group, with a decrease of approximately 30.4% as compared to those of 2015 of HK$30.3 million. The Group's net profit attributable to Group's property investment business was some HK$10.5 million in 2016, representing a decrease of 68.2%, as compared to the year of 2015 of HK$33.0 million. Such decrease was mainly attributable to (i) the decrease in rental income and (ii) the fair value losses from investment properties.

The Group's investment properties excluding self-use portion in Macau were valued at HK$513.0 million as at 31 December 2016 (2015: HK$524.0 million). The Group's investment properties under construction in Hengqin Island, Mainland China were valued at HK$267.4 million (equivalent to RMB239.8 million) (2015: HK$272.5 million (equivalent to RMB233.1 million)). During the year ended 31 December 2016, a gross fair value loss of HK$8.1 million was recognised in the consolidated statement of comprehensive income, as compared to those of 2015 of a gross fair value gain of HK$15.8 million. More details on this business are set out in the section headed "Chairman's Statement" of this announcement.

Details on the Group's properties are set out in the section headed "Group's Properties" of the Company's 2016 annual report.

Logistic Support and Human Resources

The Group's central kitchen and logistics centre in Macau is at its final stage of construction. It is expected that completion of the construction work is in early half of 2017. The Group has also continued to actively enhance its logistic support including food sourcing and food process facilities.

The management and staff teams have been expanded in 2016 with now over 1,800 (2015: 1,700) people in Macau, Mainland China and Hong Kong. Management and staff teams will continue to be expanded in 2017 with new restaurants to be opened. Remuneration packages including medical plan have been and will be regularly reviewed with reference to market terms, individual qualifications, experience, duties and responsibilities. During the year of 2016, various training activities including operational safety and management skills have been conducted to enhance operation efficiency.

DIVIDENDS

In view of the loss incurred by the Group for the year of 2016 and to extend the Company's gratitude towards the support of its shareholders, a special final dividend of HK1.0 cent per share (2015: special final dividend of HK1.0 cent) have been recommended. The total dividends for the year ended 31 December 2016 will amount to HK2.0 cents per share (2015: HK2.0 cents) including the special interim dividend of HK1.0 cent per share (2015: HK1.0 cent). Subject to the approval of shareholders at the 2017 AGM, the special final dividend will be payable on 5 June 2017 to shareholders whose name appears on the register of members of the Company on 24 May 2017.

The Group's operating cash flow was stable in 2016 with a healthy level of cash holdings being maintained. It is still the policy of the Company to uphold a dividend payout ratio of not less than 30% of the annual Net Ordinary Operating Profit. The dividend payout ratio based on the total dividends (all dividends including interim, final and if any, special dividends) over the (loss)/profit attributable to owners of the Company for the last three years are as follows:

	For the year ended 31 December		
	2016	2015	2014
	%	%	%
Total dividend payout ratio (based on the (loss)/profit attributable to owners of the Company)	**N/A**	N/A	25

The dividend payout ratio, based on the total dividends (all dividends including interim, final and if any, special dividends) over the Net Ordinary Operating Profit/(Loss), for the last three years are as follows:

	For the year ended 31 December		
	2016	2015	2014
	%	%	%
Total dividend payout ratio (based on the Net Ordinary Operating Profit/(Loss))	**232.4**	N/A	40

MATERIAL LITIGATION

As at 31 December 2016, the Group had not been involved in any material litigation or arbitration (2015: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers.

As at 31 December 2016, the Group had net current assets of HK$69.5 million (2015: HK$84.2 million). As at 31 December 2016, the Group had bank deposits, cash and bank balances totalling of HK$271.1 million (2015: HK$247.4 million), while the Group's pledged bank deposits amounted to HK$51.6 million (2015: HK$28.1 million) in which HK$33.8 million (2015: HK$28.1 million) has been pledged to a bank in respect of the guarantee given in lieu of paying rental deposit, and HK$17.8 million (2015: Nil) has been pledged for the guarantee of development of investment properties under construction.

As at 31 December 2016, the Group had interest-bearing bank loans of HK$308.5 million (2015: HK$221.1 million). The Group had six (2015: two) secured bank loans, including:

(i) a secured mortgage loan of HK$106.0 million (2015: HK$120.0 million) was interest bearing at 1-month Hong Kong Inter-Bank Offered Rate ("HIBOR") plus 2.75% per annum, repayable within 15 years from 2011, which is secured by the investment properties and freehold land and buildings of the Group and is carried with a covenant that Mr. Chan and his associates had to hold not less than 37% equity interest holding of the Company;

(ii) the second secured mortgage loan of HK$12.1 million (2015: HK$12.8 million) was interest bearing at HIBOR plus 1.75% per annum, repayable within 7 years from 2014 which is secured by the leasehold land and buildings of the Group;

(iii) the third secured mortgage loan of HK$54.9 million (2015: Nil) was interest bearing at the prime rate less 2.7% per annum, repayable within 7 years from 2016, which is secured by the investment properties and freehold land and buildings of the Group and is carried with a covenant that Mr. Chan and his associates had to hold not less than 37% equity interest holding of the Company;

(iv) the fourth secured bank loan of HK$65.0 million (2015: Nil) was interest bearing at the prime rate less 2.25% per annum, repayable within 8 years from 2018, which is secured by the construction in progress of the Group and is carried with a covenant that Mr. Chan and his associates had to hold not less than 35% equity interest holding of the Company;

(v) the fifth secured bank loan of HK$8.8 million (2015: Nil) was interest bearing at HIBOR plus 1.8% per annum, repayable on demand which is secured by the leasehold land and buildings of the Group; and

(vi) the sixth secured bank loan of HK$10.0 million (2015: Nil) was interest bearing at HIBOR plus 1.75% per annum, repayable within 3 years from 2016 which is secured by the leasehold land and buildings of the Group.

LIQUIDITY AND FINANCIAL RESOURCES – Continued

As at 31 December 2016, the Group had one unsecured bank loan of HK$51.7 million (2015: HK$24.0 million) which is repayable within 5 years from 2015 with maximum facility of HK$80.0 million. It bears interest at the prime rate less 1.5% per annum and is carried with a covenant that Mr. Chan and his associates had to hold not less than 37% equity interest holding of the Company.

As at 31 December 2015, the Group had two more unsecured bank loans of some HK$5.8 million (equivalent to RMB5.0 million) and some HK$58.5 million (equivalent to RMB50.0 million) respectively which were repayable within 1 year from 2015. These two loans carried interest at the higher of CNY HIBOR plus 0.7% per annum or 4.3% per annum, with a covenant that Mr. Chan and his associates had to hold not less than 40% equity interest holding of the Company. The Group has repaid these two unsecured bank loans during the year of 2016.

During the year of 2016, the Group has obtained an overdraft facility with maximum facility of HK$38.8 million (equivalent to MOP40.0 million). It bears interest at the prime rate less 2.5% per annum. Such overdraft facility is secured by the freehold land and buildings and investment properties and is carried with a covenant that Mr. Chan and his associates have to hold not less than 37% equity interest holding of the Company. As at 31 December 2016, the Group's bank overdraft is zero.

The Group's borrowings are made in Hong Kong dollars, Macau Patacas and Renminbi.

The Group's gearing ratio represented by the Group's net debts (total liabilities less cash and cash equivalents) to the Group's total equity as at the year-end date over the last three years was as follows:

	As at 31 December		
	2016	2015	2014
	%	%	%
Gearing ratio	**38.0**	26.7	16.5

The increase in Group's gearing ratio as at 31 December 2016 was mainly due to the increase of net debts.

The ratio of the total assets against total liabilities of the Group as at 31 December 2016 was 2.70 (2015: 3.13).

CAPITAL EXPENDITURES

For the year ended 31 December 2016, the Group's capital expenditures on the acquisitions of investment properties and property, plant and equipment were approximately HK$4.9 million (2015: HK$274.3 million) and HK$172.7 million (2015: HK$61.7 million) respectively.

CAPITAL EXPENDITURES – Continued

For the year ended 31 December 2016, the Group's capital expenditures on the acquisitions of trademark, franchise and royalties were approximately nil (2015: Nil), HK$0.4 million (2015: HK$0.3 million) and nil (2015: HK$1.1 million) respectively.

CHARGES ON GROUP ASSETS

As at 31 December 2016, the Group pledged the investment properties and freehold land and building in Macau to a bank in Macau to secure two mortgage loans and a bank overdraft facility. The Group also pledged the construction in progress in Macau to a bank in Macau to secure a bank loan. The Group also as at that date pledged the leasehold land and building in Hong Kong to a bank in Hong Kong to secure a mortgage loan and two bank loans. Other than that, the Group did not have any charges on assets.

As at 31 December 2015, the Group pledged the investment properties and freehold land and building in Macau to a bank in Macau to secure a mortgage loan and also pledged a bank deposits to this bank to secure a bank loan. The Group also as at that date pledged the leasehold land and building in Hong Kong to a bank in Hong Kong to secure a mortgage loan.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any contingent liabilities (2015: Nil).

CURRENCY EXPOSURE

As at 31 December 2016, the Group did not have any outstanding hedging instrument. The Group would continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

CHANGES IN THE GROUP'S COMPOSITION

The Group had no material changes in the Group's composition during the year of 2016.

EMPLOYEES

The Group employed, as at 31 December 2016, a total of 1,885 (2015: 1,740) full time staff, in which 1,413 (2015: 1,298) full-time staff in Macau, 382 (2015: 413) full-time staff in Mainland China and 90 (2015: 29) full-time staff in Hong Kong. The remuneration policy of the employees of the Group is set up by the remuneration committee on the basis of their merit, qualifications and competence, while the detail remuneration packages for the employees are determined by the management based on their performance.

An employee share option scheme of the Company was adopted on 8 June 2012 and effective for a period of 10 years since the date of adoption. Details of the retirement benefits schemes of the Group are set out in the section headed "Notes to the Financial Statements" of the Company's 2016 annual report.

CLOSURE OF REGISTER OF MEMBERS

The register of shareholders of the Company will be closed during the following periods:

(i) From Wednesday, 10 May 2017 to Monday, 15 May 2017 (both days inclusive), during which time no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2017 AGM. The record date for the 2017 AGM shall be 15 May 2017. In order to qualify to be shareholders of the Company to attend, act and vote at the 2017 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 9 May 2017; and

(ii) From Tuesday, 23 May 2017 to Wednesday, 24 May 2017 (both days inclusive), during which time no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed special final dividend. The record date for the entitlement to the special final dividend shall be 24 May 2017. In order to qualify for the proposed special final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 22 May 2017.

CONTINUING CONNECTED TRANSACTIONS

Mr. Chan Chak Mo is a beneficial shareholder and an executive director, and thus a connected person of the Company. Pursuant to the lease agreement dated 29 August 2014 ("Lease Agreement") between Mr. Chan (as landlord) and Bright Elite Gourmet Company Limited ("Bright Elite"), a subsidiary of the Company (as tenant), Bright Elite has leased a shop premise located at a Em Macua, Patio Da Ameaca No. 1-A, Res-do-Chao A com Sobreloja, Macau with a gross floor area of approximately 74 sq.m. for a term of three years commencing from 1 October 2014 to 30 September 2017 at a monthly rental of HK$400,000 for the first two years and HK$460,000 for the third year. In December 2015, Mr Chan has agreed in writing to reduce the monthly rental of HK$400,000 from 1 January 2016 to 30 September 2016 and HK$460,000 from 1 October 2016 to 31 December 2016 payable by Bright Elite under the Lease Agreement to a monthly rental of HK$300,000 from 1 January 2016 to 31 December 2016 with the other terms of the Lease Agreement remaining valid. In January 2017, Mr Chan has agreed in writing to reduce the monthly rental of HK$460,000 payable by Bright Elite under the Lease Agreement to a monthly rental of HK$300,000 from 1 January 2017 to 30 September 2017 with the other terms of the Lease Agreement remaining valid.

Particulars of this connected transaction, which is also a related party transaction, are disclosed in the consolidated financial statements in accordance with HKAS 24 Related Party Disclosures. The rental of HK$3,600,000 (2015: HK$4,800,000) paid for the above shop premise is disclosed and included under the section headed "Notes to the Financial Statements" of the Company's 2016 annual report.

CONTINUING CONNECTED TRANSACTIONS – Continued

The independent non-executive directors confirm that the above transaction has been entered into by the Company in the ordinary course of its business, on normal commercial terms from independent third parties, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2016.

AUDIT COMMITTEE

The audit committee of the Company consists of three independent non-executive directors, Mr. Cheung Hon Kit, Mr. Yu Kam Yuen, Lincoln and Mr. Chan Pak Cheong Afonso. The audit committee has reviewed with the management the accounting policies as well as critical accounting estimates and assumptions with management. The audit committee has also discussed with the external auditor on their audit plan and key audit areas. The audited consolidated financial statements and the annual results announcement of the Group for the year ended 31 December 2016 have been reviewed by the audit committee before submission to the board of directors for adoption.

CORPORATE GOVERNANCE

The Company has complied with the CG Code for the year ended 31 December 2016 as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the following deviations:

Under the code provision A.6.7 of the CG Code, independent non-executive directors should attend general meetings of the Company. Due to personal commitments, Mr. Cheung Hon Kit, the independent non-executive director of the Company, did not attend the annual general meeting of the Company held on 9 May 2016.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Model Code. Having made specific enquiry with them, all directors have confirmed that they have complied with the standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rules 3.13 of the Model Code. The Company has considered all of the independent non-executive directors are independent. More details on the Company's corporate governance are set out in the section headed "Corporate Governance Report" of the Company's 2016 annual report.

EVENTS AFTER THE REPORTING DATE

There is no significant subsequent events after the year end date of 31 December 2016.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2017 AGM of the Company will be held on Monday, 15 May 2017, for the purpose of, among other things, approving the payment of a special final dividend of HK1.0 cent per share. The notice of 2017 AGM together with the Company's 2016 annual report and all other relevant documents (the "Documents") will be despatched to the Shareholders on or about 27 March 2017. The Documents and this announcement shall also be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.fb.com.hk.

BOARD OF DIRECTORS

As at the date hereof, the members of the board of directors of the Company comprise (i) Mr. Chan Chak Mo, the Managing Director, (ii) Mr. Chan See Kit, Johnny, the Chairman and executive Director, (iii) Mr. Lai King Hung, the deputy chairman and executive Director, (iv) Ms. Leong In Ian, the executive Director and (v) Mr. Cheung Hon Kit, Mr. Yu Kam Yuen, Lincoln and Mr. Chan Pak Cheong Afonso, the independent non-executive Directors.

On behalf of the Board
Chan Chak Mo
Managing Director

Hong Kong, 17 March 2017