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

(Incorporated in Bermuda with limited liability)

(Stock Code: 703)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2018	2017	*Change*
	(Unaudited)	(Unaudited)	
	HK$'000	*HK$'000*	*%*
Turnover	**539,693**	433,626	+24.4%
Gross margin	**379,258**	304,026	+24.7%
Gross operating profit	**72,339**	52,007	+39.0%
Profit before interests, tax expense, depreciation and amortisation ("EBITDA")	**37,353**	28,309	+31.9%
Loss attributable to owners of the Company	**(14,957)**	(16,987)	-11.9%
Net Ordinary Operating Loss	**(27,509)**	(29,157)	-5.6%
Basic loss per share	**HK(2.15) cents**	HK(2.45) cents	-12.2%
Special interim dividend per share	**HK1.0 cent**	HK1.0 cent	–

* *For identification purpose only*

FINANCIAL HIGHLIGHTS – Continued

	As at 30 June 2018 (Unaudited) *HK$'000*	As at 31 December 2017 (Audited) *HK$'000*	*Change* %
Total assets	**1,773,444**	1,838,812	-3.5%
Net assets	**1,045,572**	1,071,124	-2.3%
Net assets per share	**HK$1.505**	HK$1.543	-2.4%
Gearing ratio	**60.1%**	55.2%	+4.9%
Total assets/total liabilities ratio	**2.43**	2.40	+1.2%

IMPORTANT DATES

Board meeting approving 2018 interim results	23 August 2018
Ex-entitlement trading date of 2018 special interim dividend	6 September 2018
Closure of shareholder register for the purpose of ascertaining shareholders' entitlement to 2018 special interim dividend	10–12 September 2018
Record date of 2018 special interim dividend entitlement	12 September 2018
Payment of 2018 special interim dividend	12 October 2018

INTERIM RESULTS

The board (the "Board") of directors ("Directors") of Future Bright Holdings Limited ("Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries ("Group") for the six months ended 30 June 2018 (the "Period") as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*5*	**539,693**	433,626
Cost of sales		**(160,435)**	(129,600)
Gross margin		**379,258**	304,026
Direct operating expenses		**(306,919)**	(252,019)
Gross operating profit		**72,339**	52,007
Other revenue		**6,859**	4,253
Other gains and losses		**14,226**	20,624
Administrative expenses		**(90,528)**	(76,863)
Share of loss of joint venture		**(586)**	(1,238)
Finance costs	*9*	**(5,506)**	(3,607)
Loss before income tax expense	*8*	**(3,196)**	(4,824)
Income tax expense	*10*	**(10,071)**	(10,270)
Loss for the period		**(13,267)**	(15,094)
Other comprehensive (loss)/income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(5,342)**	9,897
Total comprehensive loss for the period		**(18,609)**	(5,197)
Profit/(Loss) attributable to:			
Owners of the Company		**(14,957)**	(16,987)
Non-controlling interests		**1,690**	1,893
		(13,267)	(15,094)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(20,299)**	(7,090)
Non-controlling interests		**1,690**	1,893
		(18,609)	(5,197)
Loss per share			
– Basic (HK cents per share)	*12*	**(2.15)**	(2.45)
– Diluted (HK cents per share)	*12*	**(2.15)**	(2.45)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	**30 June 2018 (Unaudited) *HK$'000***	31 December 2017 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment	*13*	**381,668**	393,103
Investment properties	*14*	**505,000**	913,900
Goodwill		**81,781**	81,781
Other intangible assets		**9,615**	9,130
Prepayments and deposits	*15*	**41,504**	46,225
Interest in joint venture		**6,622**	7,208
Restricted bank deposits		**–**	19,192
Total non-current assets		**1,026,190**	1,470,539
Current assets			
Inventories		**47,297**	47,779
Trade and other receivables	*15*	**79,971**	78,501
Financial assets at fair value through profit or loss	*16*	**272**	435
Restricted bank deposits		**32,868**	33,118
Cash and cash equivalents		**74,509**	176,011
		234,917	335,844
Assets of a disposal group classified as held for sale	*17*	**512,337**	–
Assets classified as held for sale	*17*	**–**	32,429
Total current assets		**747,254**	368,273
Total assets		**1,773,444**	1,838,812
Current liabilities			
Amount due to joint venture		**1,842**	471
Trade and other payables	*18*	**167,456**	196,626
Current tax liabilities		**72,892**	67,025
Interest bearing borrowings	*19*	**99,164**	88,052
Non-interest bearing borrowings		**1,388**	1,388
		342,742	353,562
Liabilities of a disposal group classified as held for sale	*17*	**92,641**	–
Total current liabilities		**435,383**	353,562

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued
AS AT 30 JUNE 2018

	Notes	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Net current assets		**311,871**	14,711
Total assets less current liabilities		**1,338,061**	1,485,250
Non-current liabilities			
Interest bearing borrowings	*19*	**249,740**	355,142
Deferred tax liabilities		**37,320**	53,555
Non-interest bearing borrowings		**5,429**	5,429
Total non-current liabilities		**292,489**	414,126
Total liabilities		**727,872**	767,688
NET ASSETS		**1,045,572**	1,071,124
Capital and reserves attributable to owners of the Company			
Share capital		**69,430**	69,430
Reserves		**997,195**	1,024,437
Equity attributable to owners of the Company		**1,066,625**	1,093,867
Non-controlling interests		**(21,053)**	(22,743)
TOTAL EQUITY		**1,045,572**	1,071,124

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 sales of food and catering, food souvenir and property investment.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These interim condensed consolidated financial statements were authorised for issue on 23 August 2018.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2017 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018. This is the first set of the Group's financial statements in which HKFRS 9 and HKFRS 15 have been adopted. Details of any changes in accounting policies are set out in note 3. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The preparation of these interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

These interim condensed consolidated financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated. These interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2017 annual financial statements. These interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2017 consolidated financial statements.

These interim condensed consolidated financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA. BDO Limited's independent review report to the Board of Directors is to be included in 2018 interim report.

The financial information relating to year ended 31 December 2017 that is included in these interim condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements.

3. CHANGES IN HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- HKFRS 9, Financial Instruments
- HKFRS 15, Revenue from Contracts with Customers
- HK(IFRIC)-Interpretation 22, Foreign Currency Transactions and Advance Considerations
- Amendments to HKFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to HKAS 28 included in Annual Improvements to HKFRSs 2014-2016 Cycle, Investments in Associates and Joint Ventures
- Amendments to HKFRS 1 included in Annual Improvements to HKFRSs 2014-2016 Cycle, First-time Adoption of Hong Kong Financial Reporting Standards

The impact of the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" are summarised below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies.

HKFRS 9 *"Financial Instruments"*

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (i) classification and measurement; (ii) impairment and (iii) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the interim condensed consolidated financial statements.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

3. CHANGES IN HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") – Continued

HKFRS 9 *"Financial Instruments"* – Continued

(i) Classification and measurement of financial instruments – Continued

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (debt investments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVOCI (equity investments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

3. CHANGES IN HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") – Continued

HKFRS 9 *"Financial Instruments"* – Continued

(i) Classification and measurement of financial instruments – Continued

The following table summarizes the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9
Listed equity investments	Held-for-trading	FVTPL
Trade and other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities. Hence, the adoption of HKFRS 9 does not affect the carrying amounts of the Group's financial liabilities as at 1 January 2018.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognised ECL for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. CHANGES IN HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") – Continued

HKFRS 9 *"Financial Instruments"* – Continued

(ii) Impairment of financial assets – Continued

Measurement of ECLs – Continued

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group's debt investment at FVOCI are considered to have low credit risk since the issuers' credit rating are high.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the assets.

Impact of the ECL model

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group applies general approach to measure ECL on deposits and other receivables. Impairment based on the expected credit loss model on the Group's trade receivables have no significant financial impact on the Group's interim condensed consolidated financial statements for the current accounting period.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

3. CHANGES IN HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") – Continued

HKFRS 9 *"Financial Instruments"* – Continued

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held; and
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

HKFRS 15 *"Revenue from Contracts with Customers"*

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 January 2018). As a result, the financial information presented for 2017 has not been restated.

HKFRS 15 introduces a 5-step model when recognising revenue:

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

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. Based on the assessment of the Group, the adoption of HKFRS 15 from 1 January 2018 has results in changes in accounting policies of the Group, however, it does not have significant impact on the timing and amounts of revenue recognition of the Group, and no adjustment to the opening balance of equity at 1 January 2018 have been made. However, additional disclosures have been presented for the current accounting period in note 5 of the interim condensed consolidated financial statements as a result of adoption of HKFRS 15.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2017 annual financial statements. In addition, the Group has made the following significant judgements during the Period:

Classification as assets of a disposal group held for sale

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Judgement is made to determine whether the sale of the asset (or disposal group) is highly probable to make the asset (or disposal group) classified as held for sale.

5. TURNOVER

Turnover and revenue recognised by category are as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Sales of food and catering	**509,695**	411,072
Sales of food souvenir	**29,998**	22,554
	539,693	433,626
By timing of revenue recognition		
At a point in time	**539,693**	433,626

6. SEGMENT REPORTING

(a) Business segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that is 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;
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.

The segment revenue and results for the six months ended 30 June 2018 are as follows:

	Food and catering (Unaudited) *HK$'000*	Food souvenir (Unaudited) *HK$'000*	Property investment (Unaudited) *HK$'000*	Inter-segment elimination (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Revenue					
Turnover from external customers	**509,695**	**29,998**	**–**	**–**	**539,693**
Turnover from inter-segment	**–**	**–**	**1,373**	**(1,373)**	**–**
Other revenue	**6,488**	**217**	**113**	**–**	**6,818**
Reportable segment revenue	**516,183**	**30,215**	**1,486**	**(1,373)**	**546,511**
Results					
Reportable segment results before tax and non-controlling interests	**(13,223)**	**(13,181)**	**30,240**	**–**	**3,836**

6. SEGMENT REPORTING – Continued

(a) Business segments – Continued

Other information for the six months ended 30 June 2018

	Food and catering (Unaudited) *HK$'000*	Food souvenir (Unaudited) *HK$'000*	Property investment (Unaudited) *HK$'000*	Unallocated (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Interest income	96	2	114	–	212
Interest expense	1,890	–	3,616	–	5,506
Capital expenditure on property, plant and equipment	47,407	1,073	320	16	48,816
Capital expenditure on asset held for sale	–	–	43,837	–	43,837
Depreciation of property, plant and equipment	30,918	2,908	596	49	34,471
Amortisation of other intangible assets	395	177	–	–	572
Gain on disposal of property, plant and equipment	–	–	19,025	–	19,025
Loss on written off of property, plant and equipment	18,180	179	–	–	18,359
Gain on remeasurement of an investment property reclassified as asset held for sale	–	–	16,367	–	16,367
Fair value gain on an investment property reclassified as asset held for sale	–	–	368	–	368
Fair value loss on financial assets at fair value through profit or loss	–	–	–	163	163
Share of loss of joint venture	586	–	–	–	586
Income tax expense	5,887	–	4,184	–	10,071
Impairment loss on property, plant and equipment	6,726	–	–	–	6,726

6. SEGMENT REPORTING – Continued

(a) Business segments – Continued

The segment revenue and results for the six months ended 30 June 2017 are as follows:

	Food and catering (Unaudited) *HK$'000*	Food souvenir (Unaudited) *HK$'000*	Property investment (Unaudited) *HK$'000*	Inter-segment elimination (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Revenue					
Turnover from external customers	411,072	22,554	–	–	433,626
Turnover from inter-segment	–	–	1,323	(1,323)	–
Other revenue	3,933	9	311	–	4,253
Reportable segment revenue	415,005	22,563	1,634	(1,323)	437,879
Results					
Reportable segment results before tax and non-controlling interests	3,948	(14,720)	11,598	–	826

Other information for the six months ended 30 June 2017

	Food and catering (Unaudited) *HK$'000*	Food souvenir (Unaudited) *HK$'000*	Property investment (Unaudited) *HK$'000*	Unallocated (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Interest income	170	–	311	–	481
Interest expense	1,087	–	2,520	–	3,607
Capital expenditure on property, plant and equipment	42,538	1,232	–	10	43,780
Capital expenditure on investment property under construction	–	–	24,704	–	24,704
Depreciation of property, plant and equipment	24,150	2,940	1,594	72	28,756
Amortisation of other intangible assets	519	251	–	–	770
Loss on written off of property, plant and equipment	4,488	–	–	–	4,488
Fair value gain of investment property under construction	–	–	26,787	–	26,787
Fair value loss of investment properties	–	–	9,000	–	9,000
Fair value gain on financial assets at fair value through profit or loss	–	–	–	683	683
Share of loss of joint venture	1,238	–	–	–	1,238
Income tax expense	4,653	–	5,617	–	10,270

6. SEGMENT REPORTING – Continued

(b) Reconciliation of reportable segment revenue, other revenue and other gains and losses, profit and loss

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**546,511**	437,879
Other revenue	**(6,818)**	(4,253)
Consolidated turnover	**539,693**	433,626
Loss before income tax expense		
Reportable segment profit	**3,836**	826
Other income	**41**	–
Other gains and losses	**396**	(76)
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(163)**	683
Corporate payroll expenses	**(4,481)**	(4,253)
Unallocated expenses	**(2,825)**	(2,004)
Loss before income tax expense	**(3,196)**	(4,824)

7. DEPRECIATION AND AMORTISATION

During the six months ended 30 June 2018 (the "Period"), depreciation charge of approximately HK$34,471,000 (six months ended 30 June 2017: HK$28,756,000) was recognised in respect of the Group's property, plant and equipment, and amortisation charge of approximately HK$572,000 (six months ended 30 June 2017: HK$770,000) was recognised in respect of the Group's other intangible assets.

8. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Costs of inventories recognised as expenses	**160,435**	129,600
Employee costs	**194,579**	163,617
Gain on disposal of property, plant and equipment	**19,025**	–
Depreciation of property, plant and equipment	**34,471**	28,756
Amortisation of other intangible assets	**572**	770
Auditor's remuneration	**500**	425
Loss on written off of property, plant and equipment	**18,359**	4,488
Impairment loss on property, plant and equipment	**6,726**	–

9. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on interest bearing borrowings:		
– Repayable within five years	**2,459**	1,087
– Repayable over five years	**3,903**	3,855
	6,362	4,942
Less: Amount capitalised in respect of a specific loan	**(856)**	(1,335)
	5,506	3,607

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The amount of income tax expense in the condensed consolidated statement of comprehensive income represents:		
Current tax:		
– Macau Complementary Income Tax	**5,751**	4,653
– Hong Kong Profits Tax	**136**	–
Deferred tax charge for the reporting period	**4,184**	5,617
Income tax expense	**10,071**	10,270

Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits for the reporting period. The maximum tax rate was 12% for the six months ended 30 June 2018 and 2017.

Mainland China Enterprise Income Tax ("EIT") is calculated at rate of 25% (2017: 25%). No provision for EIT has been made during the reporting period as the Mainland China subsidiaries have had no assessable profits for EIT for the six months ended 30 June 2018 and 2017.

Hong Kong Profits Tax is calculated at rate of 16.5% on the estimated assessable profits for the reporting period. No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2017 as the Group has no assessable profits for Hong Kong Profits Tax for the six months ended 30 June 2017.

11. INTERIM DIVIDENDS

(i) The interim dividends declared by the Directors are as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Special interim dividend of HK1.0 cent (2017: HK1.0 cent) per ordinary share	**6,943**	6,943

At their board meeting held on 23 August 2018, the Directors have declared to pay out of the Company's retained earnings a special interim dividend of HK1.0 cent per ordinary share for the Period (six months ended 30 June 2017: HK1.0 cent per ordinary share). No liability has been recorded in the financial statements in respect of this special interim dividend for the six months ended 30 June 2018.

(ii) Dividends payable to owners of the Company attributable to the previous financial years, which have been approved and paid during the reporting period, are as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Special final dividend of HK1.0 cent (2017: HK1.0 cent) per ordinary share	**6,943**	6,943

12. LOSS PER SHARE

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

(a) Basic loss per share

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the reporting period attributable to owners of the Company	**(14,957)**	(16,987)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic loss per share	**694,302,420**	694,302,420
Basic loss per share (HK cents)	**(2.15)**	(2.45)

(b) Diluted loss per share

The amounts of diluted loss per share for the six months ended 30 June 2018 and 2017 were the same as basic loss per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2018 and 2017.

13. PROPERTY, PLANT AND EQUIPMENT

(a) During the six months ended 30 June 2018, the Group acquired items of property, plant and equipment at a total cost of HK$48,816,000 (2017: HK$43,780,000).

(b) During the six months ended 30 June 2018, the Group wrote off items of property, plant and equipment at total cost and net book value of HK$34,449,000 (2017: HK$11,916,000) and HK$18,359,000 (2017: HK$4,488,000) respectively.

(c) During the six months ended 30 June 2018, management of the Group has provided impairment loss on property, plant and equipment of approximately HK$6,726,000 (2017: nil).

14. INVESTMENT PROPERTIES

	30 June 2018		
	Investment properties (Unaudited) *HK$'000* *(note a)*	**Investment property under construction (Unaudited)** *HK$'000* *(note b)*	**Total (Unaudited)** *HK$'000*
Fair Value			
At 1 January 2018	**505,000**	**408,900**	**913,900**
Additions	**–**	**43,837**	**43,837**
Fair value gain	**–**	**16,367**	**16,367**
Exchange adjustment	**–**	**8,715**	**8,715**
	505,000	**477,819**	**982,819**
Transferred to assets of a disposal group classified as held for sale	**–**	**(477,819)**	**(477,819)**
At 30 June 2018	**505,000**	**–**	**505,000**

	31 December 2017		
	Investment properties (Audited) *HK$'000* *(note a)*	Investment property under construction (Audited) *HK$'000* *(note b)*	Total (Audited) *HK$'000*
Fair Value			
At 1 January 2017	513,000	267,439	780,439
Additions	–	71,238	71,238
Fair value (losses)/gains	(8,000)	45,641	37,641
Exchange adjustment	–	24,582	24,582
At 31 December 2017	505,000	408,900	913,900

14. INVESTMENT PROPERTIES – Continued

The fair values of the Group's investment properties at 30 June 2018 and 31 December 2017 have been arrived at on market value basis carried out by Jones Lang Lasalle Corporate Appraisal and Advisory Limited, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

Note a: In the Period, the investment properties were located in Macau and held under private properties (propriedade privada) on a permanent basis without tenure. There were no changes to the valuation techniques during the six months ended 30 June 2018. The investment properties are pledged to a bank to secure three mortgage loans and a bank overdraft facility (31 December 2017: three mortgage loans and a bank overdraft facility) granted to the Group with aggregate carrying amount of HK$209,639,000 as at 30 June 2018 (2017: HK$224,948,000) (note 19).

Note b: The investment property under construction was located outside Hong Kong and held under medium-term lease. During the Period, the investment property under construction was transferred to assets of a disposal group classified as held for sale (note 17).

15. TRADE AND OTHER RECEIVABLES

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Current portion		
Trade receivables	**29,130**	29,477
Prepayments and deposits	**44,667**	45,377
Other receivables	**6,174**	3,647
Total	**79,971**	78,501
Non-current portion		
Prepayments and deposits	**41,504**	46,225

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.

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

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
0 to 90 days	**27,979**	28,759
91 days to 365 days	**1,072**	540
Over 365 days	**79**	178
Total	**29,130**	29,477

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Financial assets at fair value through profit or loss:		
– Listed in Hong Kong	**272**	435

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 13.

17. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

During the Period, the Group has identified and has been undertaking negotiations with a potential party which is an independent third party for the disposal of a subsidiary of the Group, which is engaged in property investment and owns the Hengqin Land. The assets and liabilities attributable to the subsidiary, which is expected to be sold within twelve months, have been reclassified as assets/liabilities held for sale during the Period following the Group's plan to dispose of the subsidiary and are presented separately in the consolidated statement of financial position (see below). A remeasurement gain of HK$16,367,000 on investment property under construction was recognised in consolidated statement of comprehensive income for the Period. The assets and liabilities for the subsidiary are included in the Group's unallocated corporate assets/liabilities for the segment reporting purposes during the six months ended 30 June 2018. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised. As at 30 June 2018, the negotiation was still ongoing.

The assets and liabilities of the subsidiary classified as held for sale are as follows:

	30 June 2018 (Unaudited) ***HK$'000***
Assets classified as held for sale:	
– Property, plant and equipment	**203**
– Investment property under construction	**462,596**
– Prepayment and deposits	**5,928**
– Restricted bank deposits	**18,611**
– Trade and other receivables	**86**
– Cash and cash equivalents	**24,913**
	512,337
Liabilities classified as held for sale:	
– Trade and other payables	**27,738**
– Bank loans	**44,820**
– Deferred tax	**20,083**
	92,641

On 1 December 2017, the Group entered into a preliminary sale and purchase agreement to dispose of the leasehold land and building amounted to HK$32,429,000 which was classified as property, plant and equipment before the agreement was entered into. Such property was classified as held for sale as at 31 December 2017 and no impairment was made as the directors of the Company expected that the fair value (estimated based on the agreed price in the agreement) less costs to sell would be higher than the carrying amount. During the Period, the Group disposed of such property at a consideration of HK$52,000,000.

18. TRADE AND OTHER PAYABLES

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Trade payables	**67,145**	78,864
Accruals and provision	**48,185**	58,683
Construction and other payables	**47,534**	51,110
Deferred rental benefit	**4,592**	7,969
Total	**167,456**	196,626

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

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Within 90 days	**64,855**	76,550
91 days to 180 days	**697**	1,312
181 days to 365 days	**774**	595
More than 365 days	**819**	407
Total	**67,145**	78,864

19. INTEREST BEARING BORROWINGS

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Secured bank loans *(note a)*	**118,372**	132,514
Secured bank overdraft *(note b)*	**37,844**	38,567
Mortgage loans *(notes c and d)*	**186,195**	212,441
Unsecured bank loan *(note e)*	**51,313**	59,672
	393,724	443,194
Transferred to liabilities of a disposal group classified as held for sale	**(44,820)**	–
Total interest bearing borrowings	**348,904**	443,194
Carrying amount repayable:		
On demand or within one year	**99,164**	88,052
More than one year, but not exceeding two years	**55,098**	100,408
More than two years, but not exceeding five years	**151,613**	182,332
More than five years	**43,029**	72,402
	348,904	443,194
Amount due within one year included in current liabilities	**(99,164)**	(88,052)
	249,740	355,142

19. INTEREST BEARING BORROWINGS – Continued

Note a: As at 30 June 2018, the Group had two (31 December 2017: three) secured bank loans of approximately HK$118,372,000 (31 December 2017: HK$132,514,000), including:

(i) a secured bank loan of approximately HK$7,000,000 (31 December 2017: HK$10,000,000) with maximum facility of HK$10,000,000. It bears interest at higher of 1-month Hong Kong Inter-Bank Offered Rate ("HIBOR") and London Inter-Bank Offered Rate ("LIBOR") plus 1.8% per annum. As at 31 December 2017, this loan was secured by a leasehold office classified as held for sale. After the disposal of this leasehold office in January 2018, this loan is secured by pledged bank deposit of HK$5 million;

(ii) a secured bank loan of HK$111,372,000 (31 December 2017: HK$116,799,000) which is repayable within 8 years from 2018 with maximum facility of HK$124,272,000 (equivalent to MOP128,000,000). It bears interest at the prime rate less 2.25% per annum and is secured by the leasehold land and building. Such secured bank loan is also carried with a covenant that Mr. Chan Chak Mo ("Mr. Chan"), being the controlling shareholder of the Company, and his associates have to hold not less than 37% (2017: 37%) equity interest holding of the Company; and

(iii) a secured bank loan of nil (31 December 2017: HK$5,715,000) which was repayable within 3 years from June 2016 and bore interest at HIBOR plus 1.75% per annum and was secured by the above-mentioned leasehold office classified as held for sale as at 31 December 2017. The Group had fully repaid this secured bank loan in January 2018.

Note b: As at 30 June 2018, the Group had a secured bank overdraft of approximately HK$37,844,000 (31 December 2017: HK$38,567,000) with maximum facility of MOP40,000,000 (equivalent to approximately HK$38,835,000) which is repayable in April 2019. It bears interest at the prime rate less 2.5% per annum and is secured by the freehold land and buildings and investment properties as at 30 June 2018 (note 14). Such overdraft facility also carries a covenant which requires that Mr. Chan and his associates had to hold not less than 37% (2017: 37%) equity interest holding of the Company.

Note c: As at 30 June 2018, the Group had four (31 December 2017: five) mortgage loans of HK$186,195,000 (31 December 2017: HK$212,441,000), including:

(i) a mortgage loan of approximately HK$84,277,000 (31 December 2017: HK$91,597,000) which is repayable within 15 years from 2011 and bears interest at 1-month HIBOR plus 2.75% per annum. This mortgage loan is secured by the freehold land and buildings and investment properties (note 14). This mortgage loan is also carried with a covenant that Mr. Chan and his associates have to hold not less than 37% (2017: 37%) equity interest holding of the Company;

(ii) a mortgage loan of approximately HK$42,698,000 (31 December 2017: HK$46,823,000) which is repayable within 7 years from 2016 and bears interest at the prime rate less 2.7% per annum. This mortgage loan is secured by the freehold land and buildings and investment properties (note 14). This mortgage loan is also carried with a covenant that Mr. Chan and his associates have to hold not less than 37% (2017: 37%) equity interest holding of the Company;

(iii) a mortgage loan of nil (31 December 2017: HK$11,360,000) which was repayable within 7 years from 2014, bore interest at HIBOR plus 1.75% per annum and was secured by a leasehold land and building under asset held for sale as at 31 December 2017. The Group had fully repaid this secured bank loan in January 2018;

19. INTEREST BEARING BORROWINGS – Continued

Note c: – Continued

(iv) a mortgage loan of HK$14,400,000 (31 December 2017: HK$14,700,000) which is repayable within 5 years from 2017, bears interest at HIBOR plus 2.0% per annum and is secured by a leasehold land and building as at 30 June 2018; and

(v) a mortgage loan of approximately HK$44,820,000 (31 December 2017: 47,961,000) which is repayable within 7 years from 2018 with maximum facility of HK$145,631,000 (equivalent to MOP150,000,000). This mortgage loan bears interest at the prime rate less 2.6% per annum and is secured by the freehold land and buildings and investment properties (note 14) as at 30 June 2018. As at 30 June 2018, the Group has transferred this mortgage loan to liabilities of a disposal group classified as held for sale.

Note d: As at 30 June 2018, three (31 December 2017: three) mortgage loans (mentioned in note c (i), (ii) and (v)) totalling of approximately HK$171,795,000 (31 December 2017: HK$186,381,000) were carried with a covenant that Mr. Chan and his associates have to hold not less than 37% (2017: 37%) equity interest holding of the Company.

Note e: The Group had one (31 December 2017: one) unsecured bank loan of approximately HK$51,313,000 (31 December 2017: HK$59,672,000) which is repayable within 5 years from 2016 with maximum facility of HK$80,000,000. This loan bears interest at the prime rate less 1.5% per annum and is carried with a covenant that Mr. Chan and his associates have to hold not less than 37% (2017: 37%) equity interest holding of the Company.

Note f: The Group has on 15 August 2018 accepted a banking facility for a secured loan, in an aggregate amount of approximately HK$222 million. This secured bank loan is repayable within 5-7 years from 3 months from the date of drawdown, bears annual interest rate at 1.8% per annum over HIBOR, and is secured by the Group's central kitchen and logistic centre in Macau with a covenant that Mr. Chan and his associates have to hold not less than 37% equity interest holding of the Company.

Note g: The Company and certain of its wholly-owned subsidiaries have given corporate guarantees in respect of the above bank loans.

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the reporting period, save as disclosed elsewhere in these interim condensed consolidated financial statements, the Group had the following significant transactions with related parties:

(a) During the six months ended 30 June 2018, the Group received management fee income of HK$1,824,000 (six months ended 30 June 2017: HK$1,799,000) on a reimbursement of expense sharing basis from several companies in which a director of the Company is also a director and holds an ultimate non-controlling interest of such companies.

20. SIGNIFICANT RELATED PARTY TRANSACTIONS – Continued

(b) During the six months ended 30 June 2018, the Group paid rental of HK$1,800,000 (six months ended 30 June 2017: HK$1,800,000) to 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 Macau, 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. Under the lease agreement dated 28 September 2017, Mr. Chan and Bright Elite have agreed to renew the Lease agreement for a term of one year commencing from 1 October 2017 to 30 September 2018 at a monthly rental of HK$300,000 for the year.

(c) During the six months ended 30 June 2018, the Group paid promotion expenses of approximately HK$131,000 (equivalent to MOP135,000) (six months ended 30 June 2017: nil) to Mr. Chan under the LED media advertising agreement ("LED Advertisement Agreement") dated 24 August 2017 between Mr. Chan and FB Group Enterprises Management Company Limited ("FBG"), a subsidiary of the Company where FBG had been provided with LED advertising services in Macau for a term of one year commencing from 1 September 2017 to 31 August 2018 at an annual consideration of MOP270,000. On 23 August 2018, Mr. Chan and FBG have renewed this LED Advertisement Agreement for another one year from 1 September 2018 to 31 August 2019 for the same annual consideration of MOP270,000.

(d) As at 30 June 2018, one (2017: one) secured bank loan of approximately HK$111,372,000 (31 December 2017: HK$116,799,000) with maximum facility of MOP128,000,000 (equivalent to HK$124,272,000) contained a covenant that Mr. Chan and his associates had to hold not less than 37% (31 December 2017: 37%) equity interest holding of the Company. As at 30 June 2018, three (2017: three) mortgage loans of approximately HK$84,277,000 (31 December 2017: HK$91,597,000), approximately HK$42,698,000 (31 December 2017: HK$46,823,000) and approximately HK$44,820,000 (31 December 2017: 47,961,000) of the Group contained covenants that Mr. Chan and his associates had to hold not less than 37% (31 December 2017: 37%) equity interest holding of the Company. As at 30 June 2018, one (2017: one) unsecured bank loan of HK$51,313,000 (31 December 2017: HK$59,672,000) with maximum facility of HK$80,000,000 and a bank overdraft of approximately HK$37,844,000 (31 December 2017: HK$38,567,000) with maximum facility of MOP40,000,000 (equivalent to HK$38,835,000) of the Group contained covenants that Mr. Chan and his associates had to hold not less than 37% (31 December 2017: 37%) equity interest holding of the Company.

(e) Compensation of key management personnel

The remuneration of Directors and other members of key management personnel were as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Basic salaries and allowance	**11,306**	10,501
Retirement scheme contributions	**27**	30
	11,333	10,531

21. OPERATING LEASE COMMITMENTS

Operating leases – lessee

The Group has entered into commercial leases on certain leasehold land and buildings, and the leases for certain restaurants include contingent rents, which are determined by applying predetermined percentages to revenue less the basic rentals of the respective leases during the six months ended 30 June 2018. These leases have an average life of one to seven years (2017: one to eight years) with renewal options included in the contracts. The total future minimum lease payments under non-cancellable operating leases as at 30 June 2018 are as follows:

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Not later than one year	**147,814**	146,114
Later than one year and not later than two years	**118,252**	114,099
Later than two years and not later than five years	**185,975**	179,944
Over five years	**19,499**	26,847
Total	**471,540**	467,004

Operating leases – lessor

As at 30 June 2018, certain investment properties of the Group have been vacated prior to the end of the lease term. Where possible, the Group always endeavours to sub-lease vacant space on short-term lets.

22. CAPITAL COMMITMENTS

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Contracted but not provided for		
– property, plant and equipment	**31,686**	17,607
– investment property under construction classified as assets held for sale	**33,848**	92,052
Total	**65,534**	109,659

23. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in notes 19(f) and 20(c) in these interim condensed consolidated financial statements, there is no material subsequent event undertaking by the Group after 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

In view of the loss incurred by the Group for the Period and to extend the Company's gratitude towards the support of its shareholders, the Directors have decided to declare and pay out of the Company's retained earnings, a special interim dividend of HK1.0 cent per share for the Period (for the six months ended 30 June 2017: special interim dividend of HK1.0 cent per share).

	For the six months ended 30 June		
	2018	2017	2016
	%	%	%
Special interim dividend payout ratio (based on the loss attributable to owners)	**N/A**	N/A	N/A

The dividend payout ratios based on the special interim dividend over the Net Ordinary Operating Loss (being the loss attributable to owners of the Company after taking into account the gross gain of some HK$19.0 million from disposal of the Group's office property in Hong Kong but before taking into account any special non-recurring income or any net fair value (losses)/gains of its investment properties) (the "Net Ordinary Operating Loss"), for the last three interim periods are as follows:

	For the six months ended 30 June		
	2018	2017	2016
	%	%	%
Special interim dividend payout ratio (based on the Net Ordinary Operating Loss)	**N/A**	N/A	N/A

FINANCIAL REVIEW

Turnover

The turnover of the Group for the Period was approximately HK$539.6 million, representing an increase of 24.4% as compared to the same period of 2017 of HK$433.6 million. The increase in turnover was mainly attributable to the Group's newly opened restaurants in Macau and Hong Kong in the second half of 2017. The Group's restaurants, food industrial catering business and food souvenir business have enjoyed an overall same store growth of 12.5% in the Period, as compared to the same period of 2017. The Group's restaurant chain business has performed in line with the increased level of visitor inflow to Macau and visitor spending in Macau. Further details on the Group's business performance are set out below.

Turnover of the Group over the last three interim periods are as follows:

	For the six months ended 30 June		
	2018	2017	2016
	HK$'million	*HK$'million*	*HK$'million*
Turnover	**539.6**	433.6	390.9

The Group's turnover from food and catering business generated some HK$509.6 million during the Period, representing an increase of 23.9%, as compared to the same period of 2017 of HK$411.0 million. The Group's turnover from food souvenir business generated some HK$30.0 million during the Period, representing an increase of 32.7%, as compared to the same period of 2017 of HK$22.6 million. The Group's property investment business recorded no income during both the Period and the same period of 2017.

Below is a table of comparison of the turnover of the first and second quarters of 2018 and 2017:

	2018	Change	2017
	HK$'million	%	*HK$'million*
Turnover			
First quarter	**283.6**	+26.3%	224.4
Second quarter	**256.0**	+22.3%	209.2
For the Period	**539.6**	+24.4%	433.6

MANAGEMENT DISCUSSION AND ANALYSIS – Continued
FINANCIAL REVIEW – Continued
Turnover – Continued

Below is a table of comparison of turnover of the first quarter of 2018 and 2017:

	For the three months ended 31 March		
	2018	Change	2017
	HK$'million	*%*	*HK$'million*
Turnover – first quarter			
Restaurants:			
Japanese restaurants	**83.1**	+13.0%	73.5
Chinese restaurants	**51.3**	+6.6%	48.1
Western and other restaurants *(note 1)*	**31.1**	+38.2%	22.5
Food court counters	**17.4**	-1.6%	17.7
Franchise restaurants *(note 2)*	**63.4**	+93.8%	32.7
	246.3	+26.6%	194.5
Industrial catering	**11.6**	+2.6%	11.3
Food wholesale	**9.3**	+30.9%	7.1
Food and catering business	**267.2**	+25.5%	212.9
Food souvenir business	**16.4**	+42.6%	11.5
Property investment business	**–**	–	–
Total	**283.6**	+26.3%	224.4

Note 1: The turnover of "Western and other restaurants" included turnover from the Group's Western restaurants, Food Paradise at Macau International Airport and 2 sandwich bars.

Note 2: The turnover of "Franchise restaurants" included turnover from the Group's Pacific Coffee shops, and Pepper Lunch, Bari-Uma, Fu-Un-Maru, Mad for Garlic and Bistro Seoul restaurants.

Below is a table of comparison of turnover of the second quarter of 2018 and 2017:

	For the three months ended 30 June		
	2018	Change	2017
	HK$'million	%	*HK$'million*
Turnover – second quarter			
Restaurants:			
Japanese restaurants	**76.4**	+14.0%	67.0
Chinese restaurants	**43.0**	+3.6%	41.5
Western and other restaurants *(note 1)*	**27.9**	+20.2%	23.2
Food court counters	**15.4**	+9.2%	14.1
Franchise restaurants *(note 2)*	**58.9**	+60.9%	36.6
	221.6	+21.4%	182.4
Industrial catering	**10.5**	+25.0%	8.4
Food wholesale	**10.3**	+41.0%	7.3
Food and catering business	**242.4**	+22.3%	198.1
Food souvenir business	**13.6**	+22.5%	11.1
Property investment business	**–**	–	–
Total	**256.0**	+22.3%	209.2

Note 1: The turnover of "Western and other restaurants" included turnover from the Group's Western restaurants, Food Paradise at Macau International Airport and 2 sandwich bars.

Note 2: The turnover of "Franchise restaurants" included turnover from the Group's Pacific Coffee shops, and Pepper Lunch, Bari-Uma, Fu-Un-Maru, Mad for Garlic and Bistro Seoul restaurants.

Below is a table of comparison of the Group's turnover for the six months ended 30 June 2018 and 2017:

	For the six months ended 30 June		
	2018	Change	2017
	HK$'million	%	*HK$'million*
Turnover for the period			
Restaurants:			
Japanese restaurants	**159.5**	+13.5%	140.5
Chinese restaurants	**94.3**	+5.2%	89.6
Western and other restaurants *(note 1)*	**59.0**	+29.1%	45.7
Food court counters	**32.8**	+3.1%	31.8
Franchise restaurants *(note 2)*	**122.3**	+76.4%	69.3
	467.9	+24.1%	376.9
Industrial catering	**22.1**	+12.1%	19.7
Food wholesale	**19.6**	+36.1%	14.4
Food and catering business	**509.6**	+23.9%	411.0
Food souvenir business	**30.0**	+32.7%	22.6
Property investment business	**–**	–	–
Total	**539.6**	+24.4%	433.6

Note 1: The turnover of "Western and other restaurants" included turnover from the Group's Western restaurants, Food Paradise at Macau International Airport and 2 sandwich bars.

Note 2: The turnover of "Franchise restaurants" included turnover from the Group's Pacific Coffee shops, and Pepper Lunch, Bari-Uma, Fu-Un-Maru, Mad for Garlic and Bistro Seoul restaurants.

MANAGEMENT DISCUSSION AND ANALYSIS – Continued
FINANCIAL REVIEW – Continued
Turnover – Continued

Details of the Group's **same store performance** (note 3) of its restaurants, industrial catering business and food souvenir business in terms of turnover for the first and second quarters of 2018 and 2017 are as follows:

	For the three months ended 31 March		
	2018	Change	2017
	HK$'million	*%*	*HK$'million*
Same store turnover – First Quarter			
Restaurants:			
Japanese restaurants	**78.9**	+10.1%	71.6
Chinese restaurants	**47.3**	+12.0%	42.2
Western and other restaurants	**22.1**	+33.9%	16.5
Food court counters	**17.4**	-1.6%	17.7
Franchise restaurants	**34.1**	+5.5%	32.3
	199.8	+10.8%	180.3
Industrial catering	**11.6**	+2.6%	11.3
Food and catering business	**211.4**	+10.3%	191.6
Food souvenir business	**14.4**	+32.1%	10.9
	225.8	+11.5%	202.5

	For the three months ended 30 June		
	2018	Change	2017
	HK$'million	*%*	*HK$'million*
Same store turnover – Second Quarter			
Restaurants:			
Japanese restaurants	**71.3**	+6.4%	67.0
Chinese restaurants	**39.3**	+5.9%	37.1
Western and other restaurants	**21.2**	+30.0%	16.3
Food court counters	**15.4**	+9.2%	14.1
Franchise restaurants	**36.7**	+4.2%	35.2
	183.9	+8.3%	169.7
Industrial catering	**10.5**	+25.0%	8.4
Food and catering business	**194.4**	+9.1%	178.1
Food souvenir business	**12.3**	+16.0%	10.6
	206.7	+9.5%	188.7

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same periods of 2018 and 2017 only.

Details of the Group's **same store performance** (note 3) of its restaurants, industrial catering business and food souvenir business in terms of turnover for the Period are as follows:

	For the six months ended 30 June		
	2018	Change	2017
	HK$'million	%	*HK$'million*
Same store turnover for the Period			
Restaurants:			
Japanese restaurants	**150.2**	+8.3%	138.6
Chinese restaurants	**86.6**	+9.2%	79.3
Western and other restaurants	**42.6**	+33.5%	31.9
Food court counters	**32.8**	+3.1%	31.8
Franchise restaurants	**76.9**	+15.2%	66.7
	389.1	+11.7%	348.3
Industrial catering	**22.1**	+12.1%	19.7
Food and catering business	**411.2**	+11.7%	368.0
Food souvenir business	**26.7**	+24.1%	21.5
	437.9	+12.4%	389.5

Note 3: Same store performance is compared on the basis of those restaurants/shops/outlets which were in place in the same periods of 2018 and 2017 only.

Below is a table of comparison of the turnover of the Group by geographical locations of the first quarter of 2018 and 2017:

	For the three months ended 31 March		
	2018	Change	2017
	HK$'million	%	*HK$'million*
Turnover – First Quarter			
Macau	**203.0**	+10.6%	183.5
Mainland China	**34.0**	+52.4%	22.3
Hong Kong	**46.6**	+150.5%	18.6
Total	**283.6**	+26.3%	224.4

Below is a table of comparison of the turnover of the Group by geographical locations of the second quarter of 2018 and 2017:

	For the three months ended 30 June		
	2018	Change	2017
	HK$'million	%	*HK$'million*
Turnover – Second Quarter			
Macau	**181.3**	+9.4%	165.7
Mainland China	**30.2**	+43.8%	21.0
Hong Kong	**44.5**	+97.7%	22.5
Total	**256.0**	+22.3%	209.2

Below is a table of comparison of the turnover of the Group by geographical locations of the six months ended 30 June 2018 and 2017:

	For the six months ended 30 June		
	2018	Change	2017
	HK$'million	%	*HK$'million*
Turnover for the Period			
Macau	**384.3**	+10.0%	349.2
Mainland China	**64.2**	+48.2%	43.3
Hong Kong	**91.1**	+121.6%	41.1
Total	**539.6**	+24.4%	433.6

MANAGEMENT DISCUSSION AND ANALYSIS – Continued
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 Period was about HK$379.2 million, representing an increase of approximately 24.7% as compared to the same period of 2017 of HK$304.0 million. The gross margin ratio for the Period was about 70.2%, with an increase of about 0.1% compared to the same period of 2017 of 70.1%. The slightly increase in gross margin was mainly due to the increase in turnover especially for those of the franchise restaurants, for the Period. Gross margins and gross margin ratios of the Group over the last three interim periods are as follows:

	For the six months ended 30 June		
	2018	2017	2016
	HK$'million	*HK$'million*	*HK$'million*
Gross margin	**379.2**	304.0	268.5
Gross margin ratio (Gross margin over turnover)	**70.2%**	70.1%	68.7%

Below is a table of comparison of the gross margins (as described above) of the Group for the first and second quarters of 2018 and 2017:

	2018	Change	2017
	HK$'million	*%*	*HK$'million*
Gross margin			
First quarter	**198.9**	+26.3%	157.4
Second quarter	**180.3**	+22.9%	146.6
For the Period	**379.2**	+24.7%	304.0

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 Period was about HK$72.3 million, representing an increase of approximately 39.0% as compared to the same period of 2017 of HK$52.0 million. The gross operating profit ratio for the Period was about 13.3%, representing an increase in about 1.3% as compared to the same period of 2017 of 12.0%. The increase in gross operating profit was mainly due to the increase in turnover of restaurants in the Period. The gross operating profits and gross operating profit ratios for the last three interim periods of the Group are as follows:

	For the six months ended 30 June		
	2018	2017	2016
	HK$'million	*HK$'million*	*HK$'million*
Gross operating profit	**72.3**	52.0	59.3
Gross operating profit ratio (Gross operating profit over turnover)	**13.3%**	12.0%	15.2%

Below is a table of comparison of the gross operating profits (as described above) of the Group for the first and second quarters of 2018 and 2017:

	2018	Change	2017
	HK$'million	%	*HK$'million*
Gross operating profit			
First quarter	**45.8**	+43.1%	32.0
Second quarter	**26.5**	+32.5%	20.0
For the Period	**72.3**	+39.0%	52.0

EBITDA

The Group's profit before interests, tax expense, depreciation and amortization (the "EBITDA") for the Period was approximately HK$37.3 million, representing an increase of approximately 31.8% as compared to the same period in 2017 of HK$28.3 million. The increase in EBITDA was mainly attributable to the gross gain of some HK$19.0 million from the disposal of the Group's Hong Kong office property and the fair value gain of some HK$12.6 million from the Group's investment properties for the Period. The EBITDA ratios for the last three interim periods of the Group are as follows:

	For the six months ended 30 June		
	2018	2017	2016
	HK$'million	*HK$'million*	*HK$'million*
EBITDA	**37.3**	28.3	12.7
EBITDA against turnover ratio	**6.9%**	6.5%	3.2%

Net loss

The loss attributable to owners of the Company for the Period was approximately HK$14.9 million, representing a decrease of some 11.8%, as compared to the same period of 2017 of approximately HK$16.9 million. The loss for the Period was mainly attributable to (i) the loss attributable to owners of the Group's food souvenir business of some HK$9.0 million (for the six months ended 30 June 2017: HK$10.9 million), (ii) the lack of rental income from the Key Investment Property; and (iii) the loss from written off/impairment loss of property, plant and equipment of some HK$25.0 million derived from the conversion of two restaurants into four food court counters in Macau, a Bistro Seoul franchised restaurant in Hong Kong and the closure of three restaurants in Zhuhai. The loss attributable to owners of the Company with loss attributable to owners of the Company against turnover ratios for the last three interim periods of the Group are as follows:

	For the six months ended 30 June		
	2018	2017	2016
	HK$'million	*HK$'million*	*HK$'million*
Loss attributable to owners of the Company	**(14.9)**	(16.9)	(15.7)
Loss attributable to owners of the Company against turnover ratio	**(2.8)%**	(3.9)%	(4.0)%

The Net Ordinary Operating Loss (being the loss attributable to owners of the Company after taking into account the gross gain of some HK$19.0 million from disposal of the Group's office property in Hong Kong but before taking into account any special non-recurring income or any net fair value (losses)/gains of its investment properties) for the Period was at a loss of approximately HK$27.5 million, representing a decrease of 5.4%, as compared to the same period of 2017 of approximately HK$29.1 million. Set out below is the Net Ordinary Operating Loss with Net Ordinary Operating Loss ratios (being Net Ordinary Operating Loss against turnover) for the last three interim periods:

	For the six months ended 30 June		
	2018	2017	2016
	HK$'million	*HK$'million*	*HK$'million*
Net Ordinary Operating Loss	**(27.5)**	(29.1)	(14.0)
Net Ordinary Operating Loss against turnover ratio	**(5.0)%**	(6.7)%	(3.6)%

The Group's operating financials and results of all its business (but excluding the food souvenir business and any net fair value gain/(loss) of investment properties of the Group) for the Period are as follows:

	For the six months ended 30 June		
	2018	Change	2017
	HK$'million	*%*	*HK$'million*
	(Unaudited)		(Unaudited)
Turnover	**509.6**	+23.9%	411.0
Cost of sales	**(153.5)**	+24.5%	(123.2)
Gross margin	**356.1**	+23.7%	287.8
Direct operating expenses	**(276.1)**	+22.1%	(226.1)
Adjusted gross operating profit	**80.0**	+29.6%	61.7
Adjusted gross operating profit margin (%)	**+15.6%**	+0.6%	15.0%
Adjusted loss attributable to owners of the Company	**(37.4)**	+105.4%	(18.2)

Loss per share

Based on the loss attributable to owners of the Company and the number of 694,302,420 shares in issue during the Period, the basic loss per share of the Company for the Period was some HK2.15 cents, representing a decrease of about 12.2% as compared to the same period of 2017 at a basic loss per share of HK2.45 cents. The Group's basic loss per share for the last three interim periods are as follows:

	For the six months ended 30 June		
	2018	2017	2016
	HK cents	*HK cents*	*HK cents*
Loss per share – basic	**(2.15)**	(2.45)	(2.27)

The basic loss per share of the Company based on the Net Ordinary Operating Loss for the Period was some HK3.96 cents, representing a decrease of about 5.7% as compared to the same period of 2017 of some HK4.2 cents. Below are the basic loss per share based on the Net Ordinary Operating Loss over the last three interim periods:

	For the six months ended 30 June		
	2018	2017	2016
	HK cents	*HK cents*	*HK cents*
Net Ordinary Operating Loss per share – basic	**(3.96)**	(4.20)	(2.02)

Cash flow

The cash inflow from operating activities of the Group for the Period was approximately HK$30.7 million, as compared to the same period of 2017 of approximately HK$12.4 million. Such increase in cash flow in the Period was mainly due to a higher cash inflow than those of the same period of 2017. The Group's cash inflows from operating activities for the last three interim periods are as follows:

	For the six months ended 30 June		
	2018	2017	2016
	HK$'million	*HK$'million*	*HK$'million*
Cash inflow from operating activities	**30.7**	12.4	47.3

Net assets

The net assets of the Group as at 30 June 2018 was approximately HK$1,045.5 million, representing a slightly decrease of approximately 2.3% as compared to those 31 December 2017 of HK$1,071.1 million. The decrease in net assets was mainly attributable to the losses from operations and other comprehensive loss from exchange loss on translating foreign operations. The net assets of the Group as at 30 June 2018, 31 December 2017 and 30 June 2017 were as follows:

	As at 30 June 2018	As at 31 December 2017	As at 30 June 2017
	HK$'million	*HK$'million*	*HK$'million*
Net assets	**1,045.5**	1,071.1	1,030.8
	HK$	*HK$*	*HK$*
Net assets per share – basic	**1.505**	1.543	1.485

MANAGEMENT DISCUSSION AND ANALYSIS – Continued

OPERATION REVIEW

Food and Catering Business

Restaurant Chain (self-owned and under franchise)

The Group's operational financials of the Group's food and catering business for the six months ended 30 June 2018 and 2017 are as follows:

	For the six months ended 30 June		
	2018	Change	2017
	HK$'million	%	*HK$'million*
	(Unaudited)		(Unaudited)
Turnover	**509.6**	+23.9%	411.0
Cost of sales	**(153.5)**	+25.5%	(122.3)
Gross margin	**356.1**	+23.3%	288.7
Direct operating expenses	**(276.1)**	+22.1%	(226.1)
Gross operating profit	**80.0**	+27.7%	62.6
Gross operating profit margin (%)	**15.6%**	+0.4%	15.2%
Loss attributable to owners of the Company	**(24.9)**	+289.0%	(6.4)

During the six months ended 30 June 2018, the Group's food and catering business contributed some HK$509.6 million turnover representing about 94.5% of turnover of the Group. The increase in turnover for the Group's food and catering business was mainly attributable to the increases in sales from the Group's restaurants opened in late 2017. More details on this business are to be set out in the section headed "Chairman's Statement" of 2018 interim report.

Number of restaurant's analysis for the last three interim periods is listed as follows:

	As at 30 June		
	2018	2017	2016
Number of restaurants			
Japanese restaurants *(note a)*	**12**	9	9
Chinese restaurants *(note b)*	**9**	9	9
Western and other restaurants *(note c)*	**10**	12	10
Food court counters	**4**	4	2
Franchise restaurants *(note d)*	**26**	21	15
	61	55	45
Industrial catering *(note e)*	**4**	4	4
	65	59	49
Total area of self-owned and franchise restaurants (sq.ft.)	**274,043**	246,391	232,365
Turnover per sq.ft.(HK$)	**1,859**	1,668	1,522

Note a: As at 30 June 2018, Japanese restaurants included 7 Edo Japanese Restaurants, 2 Senkizen Japanese Restaurants and 3 Musashi Japanese Restaurants.

Note b: As at 30 June 2018, Chinese restaurants included 1 Turtle Essence, 1 "456" Modern Shanghai Cuisine Restaurant, 2 Shiki Hot Pot Restaurants, 1 Seasons Bright Restaurant, 2 Good Fortune Cantonese Kitchens, 1 Fortune Inn Restaurant and 1 noodle congee shop.

Note c: As at 30 June 2018, Western and other restaurants included 1 Madeira Portuguese Restaurant, 4 Azores Restaurants, 1 Café Terceira Restaurant, 1 Vergnano Italian Restaurant, 1 multi cuisine restaurant, 2 sandwich bars.

Note d: As at 30 June 2018, franchise restaurants included 9 Pacific Coffee shops, and 6 Pepper Lunch, 6 Bari-Uma, 1 Fu-Un-Maru, 3 Mad for Garlic Restaurants and 1 Bistro Seoul restaurants.

Note e: As at 30 June 2018, industrial catering included 4 student/staff canteens.

Analysis of the number of restaurants and food court counters by geographical locations for the last three interim periods (excluding the joint venture's restaurant) are listed as follows:

	As at 30 June		
	2018	2017	2016
Number of restaurants			
Macau	**36**	41	34
Mainland China	**13**	8	8
Hong Kong	**12**	6	3
	61	55	45

	As at 30 June		
	2018	2017	2016
Number of food court counters			
Macau	**4**	4	4
Mainland China	**–**	–	–
Hong Kong	**–**	–	–
	4	4	4

Details of Group's restaurants opened and closed during the Period are to be stated in the section headed "List of Restaurants/Food Court Counters/Stores" of 2018 interim report.

Industrial Catering

During the Period, the Group's industrial catering business has derived from its operations of providing the 4 canteen services for universities and schools with a turnover of some HK$22.1 million, representing an increase of 12.1% as compared to the same period of 2017 of HK$19.7 million. More details on the Group's industrial catering business are to be set out in the section headed "Chairman's Statement" of 2018 interim report.

Food Wholesale

During the Period, the Group's wholesale business of Japanese food and materials has achieved a turnover of some HK$19.6 million, representing a healthy increase of 36.1% as compared to the same period of 2017 of HK$14.4 million. More details on the Group's food wholesale business are to be set out in the section headed "Chairman's Statement" of 2018 interim report.

OPERATION REVIEW – Continued

Food Souvenir Business

The Group's operational financials of the Group's food souvenir business for the six months ended 30 June 2018 and 2017 are as follows:

	For the six months ended 30 June		
	2018	Change	2017
	HK$'million	%	*HK$'million*
	(Unaudited)		(Unaudited)
Turnover	**30.0**	+32.7%	22.6
Cost of sales	**(6.9)**	+7.8%	(6.4)
Gross margin	**23.1**	+42.5%	16.2
Direct operating expenses	**(30.8)**	+18.9%	(25.9)
Gross operating loss	**(7.7)**	-20.6%	(9.7)
Gross operating loss margin (%)	**-25.6%**	+17.3%	-42.9%
Loss attributable to owners of the Company	**(9.0)**	-17.4%	(10.9)

During the Period, the Group's food souvenir business has contributed some HK$30.0 million turnover, representing about 5.5% of Group's turnover. The increase in turnover of the food souvenir business was mainly due to the increase of turnover from new Yeng Kee bakery shops. The net loss of the food souvenir business was still mainly due to the high rental expenses and staff costs. Further details of the Group's food souvenir business are to be set out in the section headed "Chairman's Statement" of 2018 interim report.

As at 30 June 2018, the Group has 12 Yeng Kee bakery shops/kiosks (30 June 2017: 11). Details of Group's food souvenir shops are to be set out in the section headed "List of Food Souvenir Shops" of 2018 interim report.

Property Investment Business

During the Period, the Group's property investment business generated no rental income as the Key Investment Property has been without a tenant and is as of today still vacant. The Group's net profit attributable to Group's property investment business was some HK$27.4 million in the Period, representing an increase of 356.6%, as compared to the same period of 2017 of HK$6.0 million. Such increase was mainly attributable to a gross gain of some HK$19.0 million from disposal of office property in Hong Kong during the Period.

The Group's Key Investment Property was valued at HK$505.0 million as at 30 June 2018 (31 December 2017: HK$505.0 million). During the six months ended 30 June 2018, no fair value gain or loss from the Key Investment Property was recognised in the consolidated statement of comprehensive income, as compared to the same period of 2017 of a net fair value loss of HK$7.9 million. Management is actively looking for a tenant for the Key Investment Property.

As previously announced, the Group has recently identified and is undertaking negotiation with a potential party which is an independent third party for the sale of certain or all equity interest of the Group's development project in Hengqin Land. Such negotiation is still ongoing. The Group had reclassified the assets and liabilities of the Hengqin Land as held for sale. During the six months ended 30 June 2018, a net fair value gain from Hengqin Land of HK$12.5 million was recognised in the consolidated statement of comprehensive income, as compared to the same period of 2017 of a net fair value gain of HK$20.1 million.

More details on this business are to be set out in the section headed "Chairman's Statement" of 2018 interim report.

Logistic Support

The Group has a small central kitchen in Hong Kong to cater for its restaurants in Hong Kong to enhance the operation efficiency of the Group's restaurants in Hong Kong. The Group's central food and logistic processing centre in the Macau has commenced its interior renovation and should become operational soon. The Group will continue to actively enhance its logistic support including food sourcing and food processing facilities.

LIQUIDITY AND FINANCIAL RESOURCES

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

LIQUIDITY AND FINANCIAL RESOURCES – Continued

As at 30 June 2018, the Group had net current assets of HK$311.8 million (31 December 2017: HK$14.7 million). As at 30 June 2018, the Group had restricted bank deposits, bank overdraft, cash and bank balances totalling of HK$113.0 million (31 December 2017: HK$189.7 million), included cash and cash equivalents of HK$24.9 million which has been classified to assets held for sale during the Period, while the Group's restricted bank deposits amounted to HK$51.4 million (31 December 2017: HK$52.3 million) in which HK$32.8 million (31 December 2017: HK$33.1 million) has been pledged to a bank in respect of guarantee given in lieu of paying rental deposit, and a restricted bank deposit of HK$18.6 million (31 December 2017: HK$19.2 million) has been pledged for guarantee of development of investment property under construction which both restricted bank deposit and investment property under construction have been reclassified to assets held for sale during the Period.

As at 30 June 2018, the Group had interest-bearing bank loans of some HK$393.7 million (31 December 2017: HK$443.2 million). The Group's borrowings are made in Hong Kong dollars and Macau Patacas. Details of the borrowings are set out in note 19 of "Interest Bearing Borrowings" to the financial statements in this announcement.

The Group's gearing ratios represented by the Group's net debt (total liabilities less cash and cash equivalents) to the Group's total equity as at 30 June 2018, 31 December 2017 and 30 June 2017 were as follows:

	As at 30 June 2018 %	As at 31 December 2017 %	As at 30 June 2017 %
Gearing ratio	**60.1**	55.2	45.6

The increase in Group's gearing ratio as at 30 June 2018 was mainly due to the increase in net debts and the decrease in the Group's total equity.

The Group's ratio of the total assets against the total liabilities of the Group was 2.43 (31 December 2017: 2.40).

MATERIAL LITIGATION

As at 30 June 2018, the Group was not involved in any material litigation or arbitration (31 December 2017: Nil).

CHARGES ON GROUP ASSETS

As at 30 June 2018, the Group has pledged its investment properties and freehold land and building in Macau to a bank in Macau to secure three mortgage loans and a bank overdraft facility. The Group has also pledged the leasehold land and building in Macau to a bank in Macau to secure a bank loan. The Group has as at that date pledged another leasehold land and building in Macau to a bank in Macau to secure one mortgage loan. The Group has also as at that date pledged the bank deposit in Hong Kong to a bank in Hong Kong to secure one bank loan. The Group has also as at that date pledged bank deposits to banks in respect of the guarantee given in lieu of paying rental deposit and development of investment properties under construction classified as assets held for sale. Other than that, the Group did not have any charges on assets.

As at 31 December 2017, the Group has pledged its investment properties and freehold land and building in Macau to a bank in Macau to secure three mortgage loans and a bank overdraft facility. The Group has also pledged the construction in progress in Macau to a bank in Macau to secure a bank loan. The Group has as at that date pledged the leasehold land and building in Macau to a bank in Macau to secure one mortgage loan. The Group has also as at that date pledged the asset held for sale in Hong Kong to a bank in Hong Kong to secure one mortgage loan and two bank loans. The Group has also as at that date pledged bank deposits to banks in respect of the guarantee given in lieu of paying rental deposit and development of investment properties under construction. Other than that, the Group did not have any charges on assets.

Details of the charges on assets are set out in note 19 of "Interest Bearing Borrowings" to the financial statements in this announcement.

CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES

In accordance with the requirements of Rule 13.21 of the Listing Rules, the following loans and banking facilities ("Relevant Loan Agreements"), which were in existence during the six months ended 30 June 2018 and up to 23 August 2018 and granted by two banks in Macau ("Lenders") to certain wholly owned subsidiaries of the Company, have the following specific performance covenant of the controlling shareholder(s) of the Company:

(i) Under each of the Relevant Loan Agreements, a specific performance covenant is imposed on Mr. Chan, being the controlling shareholder of the Company, and his associates to hold not less than 37% equity interest in the Company during the term of each of the Relevant Loan Agreements.

(ii) Failure to comply with the aforesaid covenant will constitute an event of default under each of the Relevant Loan Agreements and the Lenders shall have the right to cancel the relevant loan and/or declare all or part of outstanding amounts thereunder, together with accrued interest and all other sums payable, to be immediately due and payable.

CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES – Continued

The Relevant Loan Agreements are as follows:

(i) A bank loan agreement which has become effective on 23 November 2010, provides a mortgage loan in an initial aggregate amount of approximately HK$236.81 million (equivalent to approximately MOP243.91 million). This mortgage loan is repayable within 15 years from February 2011 on the terms and conditions therein contained. As at 30 June 2018, the outstanding loan amount was approximately HK$84.3 million.

(ii) A bank loan agreement which has become effective on 29 December 2015, provides an unsecured bank loan with a maximum facility of HK$80.0 million. This bank loan is repayable within 5 years from January 2016 on the terms and conditions therein contained. As at 30 June 2018, the outstanding loan amount was approximately HK$51.3 million.

(iii) A bank loan agreement which has become effective on 26 January 2016 and been amended in June 2017, provides a secured bank loan, with a maximum facility of approximately HK$124.3 million (equivalent to MOP128.0 million). This bank loan is repayable within 8 years from January 2018 on the terms and conditions therein contained. As at 30 June 2018, the outstanding loan amount was approximately HK$111.4 million.

(iv) A bank loan agreement which has become effective on 21 April 2016, provides a mortgage loan in an aggregate amount of approximately HK$60.2 million (equivalent to MOP62.0 million). This mortgage loan is repayable within 7 years from May 2016 on the terms and conditions therein contained. As at 30 June 2018, the outstanding loan amount was approximately HK$42.7 million.

(v) A bank loan agreement which has become effective on 18 December 2017, provides a mortgage loan in an aggregate amount of approximately HK$145.63 million (equivalent to MOP150.0 million). This mortgage loan is repayable within 7 years from 2018, on the terms and conditions therein contained. As at 30 June 2018, the outstanding loan amount was approximately HK$44.8 million.

(vi) A bank facility letter which has become effective on 21 April 2016, provides a bank overdraft facility with a maximum facility of approximately HK$38.83 million (equivalent to MOP40.0 million). This bank overdraft has been updated and is repayable in April 2019 on the terms and conditions therein contained. As at 30 June 2018, the outstanding bank overdraft was some HK$37.8 million.

(vii) A banking facility letter which has been accepted on 15 August 2018, provides a secured bank loan, in an aggregate amount of approximately HK$222.0 million. This mortgage loan is repayable within 5-7 years from 3 months from the date of drawdown on the terms and conditions contained therein.

CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF THE LISTING RULES – Continued

As at 30 June 2018, the total outstanding bank loans with the abovementioned specific performance covenant were some HK$372.3 million (31 December 2017: HK$401.5 million). If there is a breach of the abovementioned specific performance covenant by Mr. Chan and his associates, the Lenders will have the right to (i) declare all these loans due to the Lenders thereunder and any other loan documents containing a similar specific performance covenant on Mr. Chan and his associates (together with any sum and accrued interest payable) to become immediately due and payable; and (ii) cancel all other remaining bank facilities thereunder with the Lenders. As at 30 June 2018, Mr. Chan and his associates hold 41.31% of the existing issued share capital of the Company. The Company shall continue to comply with its disclosure requirement and reporting obligations under the Listing Rules for so long as circumstances giving rise to such obligation continue to exist.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any contingent liabilities (31 December 2017: Nil).

CURRENCY EXPOSURE

As at 30 June 2018, 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.

EMPLOYEES

As at 30 June 2018, the Group has employed a total of 2,202 full time staff (30 June 2017: 1,877) in Hong Kong, Macau and Mainland China. Remuneration packages including medical plan have been and are regularly reviewed with reference to market terms, individual qualifications, experience, duties and responsibilities. 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 management based on their performance.

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

During the Period, 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 six months ended 30 June 2018.

AUDIT COMMITTEE

The audit committee of the Company consists of three independent non-executive directors, Mr. Chan Pak Cheong Afonso (Chairman), Mr. Cheung Hon Kit and Mr. Yu Kam Yuen, Lincoln. The audit committee has reviewed with management the accounting principles as well as critical accounting estimates and assumptions. The audit committee has also discussed with the external auditor on their audit plan and key audit areas. The condensed consolidated financial statements and the interim results announcement of the Group for the Period have been reviewed by the audit committee before submission to the Board for adoption.

CORPORATE GOVERNANCE

The Company has during the Period complied with the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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 for Securities Transactions by Directors of Listing Companies of the Listing Rules. Having made specific enquiry with them, all directors confirmed that they have complied with the standard set out in such Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

In June 2018, the Environmental, Social and Corporate Governance report for 2017 was issued and presented on the Company's website at www.fb.com.hk and the Stock Exchange's website at www.hkexnews.hk.

SUBSEQUENT EVENTS

As mentioned in note 20(c) to the financial statements in this announcement, on 23 August 2018, Mr. Chan and FBG have renewed their LED Advertisement Agreement for another one year from 1 September 2018 to 31 August 2019 at the same annual consideration of MOP270,000, under which FBG will be provided with LED advertising services in Macau.

The Group has on 15 August 2018 accepted a banking facility for a secured loan, in an aggregate amount of approximately HK$222 million. This secured bank loan is repayable within 5-7 years from 3 months from the date of drawdown, bears annual interest rate at 1.8% per annum over HIBOR, and is secured by the Group's central kitchen and logistic centre in Macau with a covenant that Mr. Chan and his associates have to hold not less than 37% equity interest holding of the Company.

Saved as those announced publicly or disclosed here, there has been no other significant subsequent event after 30 June 2018.

OUTLOOK

Management expects that the operating environment of the Group in the second half of 2018 should still be challenging, given that there is a trade war going on between USA and China, the full impact of which are yet to be seen. To generate more revenue, the Group's current business strategy remains to be to cautiously open new mass market restaurants in the Greater China area, while management is also selectively to open more food souvenir shops/kiosks in Macau and to tap on overseas distributors to distribute its food souvenir products in the overseas markets. The Directors are confident that the Group would be able to face up with the challenges ahead and come out stronger and as resilient ever.

CLOSURE OF REGISTER OF MEMBERS

The register of shareholders of the Company will be closed from Monday, 10 September 2018 to Wednesday, 12 September 2018 (both days inclusive), during which no transfer of shares will be registered for the purpose of ascertaining shareholders' entitlement to the 2018 special interim dividend. The record date for the entitlement to the 2018 special interim dividend shall be 12 September 2018. In order to qualify for the 2018 special interim dividend for the six months ended 30 June 2018, 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 Friday, 7 September 2018.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The announcement is published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.fb.com.hk. The 2018 interim report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

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, 23 August 2018