

新煮意控股有限公司  
**FOOD IDEA HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8179)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

## **HIGHLIGHTS**

- The Group's revenue from continuing operations for the six months ended 30 June 2017 slightly increased by approximately 1% to approximately HK\$50.81 million (2016: HK\$50.50 million).
- Loss attributable to the owners of the Company for the six months ended 30 June 2017 was approximately HK\$73.10 million (2016: HK\$66.89 million).
- Basic loss per share for the six months ended 30 June 2017 was approximately HK6.08 cents (2016: HK9.75 cents (restated)).

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 June 2017 (the “Interim Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2016, as follows:

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

For the three months and six months ended 30 June 2017

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Continuing operations</b>					
Revenue	4	25,789	24,353	50,814	50,496
Other income		216	83	323	115
Cost of inventories consumed		(9,943)	(9,102)	(19,218)	(18,958)
Employee benefits expenses		(10,228)	(7,684)	(19,986)	(15,946)
Depreciation		(1,242)	(861)	(2,540)	(1,698)
Amortisation		(46)	(45)	(98)	(90)
Operating lease rentals and related expenses		(794)	(1,217)	(1,998)	(2,458)
Utilities expenses		(191)	(267)	(401)	(500)
Loss on disposal of financial assets at fair value through profit or loss		(30,899)	–	(33,611)	–
Loss on fair value change of financial assets at fair value through profit or loss		(3,701)	(99,481)	(17,333)	(45,016)
Change in fair value of contingent consideration payable		–	–	–	(1,220)
Other operating expenses		(13,079)	(13,223)	(24,901)	(22,782)
Share of loss of an associate		(1,585)	(2,044)	(2,966)	(3,652)
Finance costs		(470)	(1,682)	(1,552)	(1,856)
<b>Loss before tax from continuing operations</b>		<b>(46,173)</b>	<b>(111,170)</b>	<b>(73,467)</b>	<b>(63,565)</b>
Income tax credit (expenses)	5	–	15,138	(43)	4,451
<b>Loss for the period from continuing operations</b>		<b>(46,173)</b>	<b>(96,032)</b>	<b>(73,510)</b>	<b>(59,114)</b>
<b>Discontinued operation</b>					
Loss for the period from a discontinued operation		–	(5,893)	–	(7,583)
<b>Loss for the period</b>		<b>(46,173)</b>	<b>(101,925)</b>	<b>(73,510)</b>	<b>(66,697)</b>

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

For the three months and six months ended 30 June 2017

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Other comprehensive income (expenses) for the period:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		3	(16)	5	(10)
Share of foreign currency translation reserve of an associate		1,021	(2,445)	1,532	(1,785)
		<u>1,024</u>	<u>(2,461)</u>	<u>1,537</u>	<u>(1,795)</u>
Total comprehensive expenses for the period		<u><b>(45,149)</b></u>	<u><b>(104,386)</b></u>	<u><b>(71,973)</b></u>	<u><b>(68,492)</b></u>
Loss for the period attributable to:					
Owners of the Company					
– continuing operations		(45,881)	(96,176)	(73,102)	(59,443)
– discontinued operation		–	(5,797)	–	(7,450)
		<u>(45,881)</u>	<u>(101,973)</u>	<u>(73,102)</u>	<u>(66,893)</u>
Non-controlling interests					
– continuing operations		(292)	144	(408)	329
– discontinued operation		–	(96)	–	(133)
		<u>(292)</u>	<u>48</u>	<u>(408)</u>	<u>196</u>
		<u><b>(46,173)</b></u>	<u><b>(101,925)</b></u>	<u><b>(73,510)</b></u>	<u><b>(66,697)</b></u>
Total comprehensive expenses for the period attributable to:					
Owners of the Company					
– continuing operations		(44,857)	(98,637)	(71,565)	(61,238)
– discontinued operation		–	(5,797)	–	(7,450)
		<u>(44,857)</u>	<u>(104,434)</u>	<u>(71,565)</u>	<u>(68,688)</u>
Non-controlling interests					
– continuing operations		(292)	144	(408)	329
– discontinued operation		–	(96)	–	(133)
		<u>(292)</u>	<u>48</u>	<u>(408)</u>	<u>196</u>
		<u><b>(45,149)</b></u>	<u><b>(104,386)</b></u>	<u><b>(71,973)</b></u>	<u><b>(68,492)</b></u>
			(Restated)		(Restated)
Loss per share					
From continuing and discontinued operations					
Basic and diluted (HK cents per share)	6	<u><b>(3.27)</b></u>	<u><b>(14.87)</b></u>	<u><b>(6.08)</b></u>	<u><b>(9.75)</b></u>
From continuing operations					
Basic and diluted (HK cents per share)	6	<u><b>(3.27)</b></u>	<u><b>(14.03)</b></u>	<u><b>(6.08)</b></u>	<u><b>(8.66)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2017

		As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		17,193	18,771
Goodwill		6,186	6,186
Intangible asset		4,358	4,456
Interest in an associate		53,840	55,274
Available-for-sale investment		2,000	1,000
Rental deposits		240	240
Deposits paid for acquisition of property, plant and equipment		4,721	10
Deferred tax assets		29	29
Loan receivables	8	76,870	73,565
		<u>165,437</u>	<u>159,531</u>
<b>Current assets</b>			
Inventories		300	367
Loan and interest receivables	8	128,561	82,310
Trade receivables	9	7,851	9,838
Loan to an associate		3,000	3,085
Amount due from an associate		167	20
Prepayments, deposits and other receivables		8,894	49,912
Income tax recoverable		51	232
Financial assets at fair value through profit or loss	10	17,762	92,892
Pledged bank deposits		–	2,017
Bank balances and cash		95,853	14,269
		<u>262,439</u>	<u>254,942</u>
Assets classified as held for sale		5,525	5,469
		<u>267,964</u>	<u>260,411</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) (CONTINUED)

*As at 30 June 2017*

		As at <b>30 June</b> <b>2017</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2016 <i>HK\$'000</i> <b>(Audited)</b>
	<i>Notes</i>		
<b>Current liabilities</b>			
Trade payables	<i>11</i>	<b>4,516</b>	4,231
Other payables, accruals and deposits received		<b>23,650</b>	18,279
Borrowings	<i>12</i>	<u><b>1,400</b></u>	<u>3,564</u>
		<b>29,566</b>	26,074
Liabilities associated with assets classified as held for sale		<u><b>1,428</b></u>	<u>1,574</u>
		<u><b>30,994</b></u>	<u>27,648</u>
<b>Net current assets</b>		<u><b>236,970</b></u>	<u>232,763</u>
<b>Total assets less current liabilities</b>		<u><b>402,407</b></u>	<u>392,294</u>
<b>Non-current liabilities</b>			
Promissory note		–	77,076
Deferred tax liabilities		<u>–</u>	<u>138</u>
		<u>–</u>	<u>77,214</u>
		<u><b>402,407</b></u>	<u><b>315,080</b></u>
<b>Capital and reserves</b>			
Share capital		<b>19,344</b>	7,988
Reserves		<u><b>381,851</b></u>	<u>305,472</u>
Equity attributable to owners of the Company		<b>401,195</b>	313,460
Non-controlling interests		<u><b>1,212</b></u>	<u>1,620</u>
		<u><b>402,407</b></u>	<u><b>315,080</b></u>

# NOTES

*For the six months ended 30 June 2017*

## 1. GENERAL INFORMATION

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

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

## 2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 2016 (the "2016 Annual Report"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which are effective for the financial year begin on or after 1 January 2017. The adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared or presented. Accordingly, no prior period adjustment has been required. The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2016 Annual Report.

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

### 3. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted the following new and revised HKFRSs, which are effective for the Group's accounting period beginning on or after 1 January 2017.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the new and revised HKFRSs in the current period has had no material effect on the Group's financial performance and positions for the current and prior accounting periods and/or on the disclosures set out in the Interim Financial Statements.

### 4. SEGMENT INFORMATION

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

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

- (i) Catering services – The operation of a chain of dessert catering restaurants.
- (ii) Food products operation – The production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei.
- (iii) Investments – Investments in securities.
- (iv) Money lending – The provision of money lending business.

An operating segment regarding the operation of a chain of Chinese restaurants was discontinued during the year ended 31 December 2016. The segment information relating to segment results reported does not include any amounts for this discontinued operation.

#### **Segment turnover, revenue and results**

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of certain other income, central administrative costs and finance costs. This is the measure reported to CODM for purposes of resource allocation and performance assessments.



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

	Catering services HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Continuing operations</b>						
For the six months ended 30 June 2017						
SEGMENT TURNOVER	<u>-</u>	<u>45,946</u>	<u>38,867</u>	<u>4,752</u>	<u>(78)</u>	<u>89,487</u>
SEGMENT REVENUE						
External sales	-	45,946	194	4,674	-	50,814
inter-segment sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>78</u>	<u>(78)</u>	<u>-</u>
Total	<u>-</u>	<u>45,946</u>	<u>194</u>	<u>4,752</u>	<u>(78)</u>	<u>50,814</u>
RESULTS						
Segment results	(320)	(20)	(50,749)	4,504	-	(46,585)
Unallocated income						212
Unallocated corporate expenses						(22,576)
Share of loss of an associate	(2,966)	-	-	-	-	(2,966)
Finance costs						<u>(1,552)</u>
Loss before tax						<u>(73,467)</u>

	Catering services HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Continuing operations</b>						
For the six months ended 30 June 2016						
SEGMENT TURNOVER	<u>-</u>	<u>45,031</u>	<u>1,056</u>	<u>4,486</u>	<u>(77)</u>	<u>50,496</u>
SEGMENT REVENUE						
External sales	-	45,031	1,056	4,409	-	50,496
inter-segment sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>77</u>	<u>(77)</u>	<u>-</u>
Total	<u>-</u>	<u>45,031</u>	<u>1,056</u>	<u>4,486</u>	<u>(77)</u>	<u>50,496</u>
RESULTS						
Segment results	(25)	1,374	(43,960)	3,630	-	(38,981)
Unallocated income						3
Unallocated corporate expenses						(17,859)
Change in fair value of contingent consideration payable	(1,220)	-	-	-	-	(1,220)
Share of loss of an associate	(3,652)	-	-	-	-	(3,652)
Finance costs						<u>(1,856)</u>
Loss before tax						<u>(63,565)</u>

## 5. INCOME TAX CREDIT (EXPENSES)

### Continuing operations:

	For the three months ended 30 June		For the six months ended 30 June	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Current income tax	-	(70)	(181)	(161)
Deferred income tax	-	15,208	138	4,612
	<u>-</u>	<u>15,138</u>	<u>(43)</u>	<u>4,451</u>

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

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

The deferred tax for the six months ended 30 June 2016 represented mainly the temporary differences in relation to the unrealised fair value change on financial assets at FVTPL. The Group did not recognise deferred tax asset in respect of certain tax losses and deductible temporary differences due to the unpredictability of future profit stream for both periods.

## 6. LOSS PER SHARE

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

	For the three months ended 30 June		For the six months ended 30 June	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Loss for the purpose of basic and diluted loss per share, being loss for the period attributable to the owners of the Company				
- From continuing operations	(45,881)	(96,176)	(73,102)	(59,443)
- From discontinued operation	-	(5,797)	-	(7,450)
	<u>(45,881)</u>	<u>(101,973)</u>	<u>(73,102)</u>	<u>(66,893)</u>
		(Restated)		(Restated)

### Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,402,655,000</u>	<u>685,993,000</u>	<u>1,201,383,000</u>	<u>685,993,000</u>
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Diluted loss per share for the three months and six months ended 30 June 2017 were the same as the basic loss per share. The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share for the three months and six months ended 30 June 2017.

Diluted loss per share for the three months and six months ended 30 June 2016 were the same as the basic loss per share as there was no dilutive potential ordinary shares outstanding.

The weighted average number of ordinary shares for the basic and diluted loss per share for the three months and six months ended 30 June 2017 and 2016 are adjusted by the bonus element in the rights issue completed on 23 May 2017.

## 7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 and 2016.

## 8. LOAN AND INTEREST RECEIVABLES

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (Audited)</b>
Fixed-rate loan receivables	<b>203,457</b>	154,315
Interest receivables	<b>1,974</b>	1,560
	<b><u>205,431</u></b>	<b><u>155,875</u></b>
Loan and interest receivables analysed for reporting purpose as:		
Non-current asset	<b>76,870</b>	73,565
Current asset	<b>128,561</b>	82,310
	<b><u>205,431</u></b>	<b><u>155,875</u></b>

## 9. TRADE RECEIVABLES

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

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (Audited)</b>
Within 30 days and neither past due nor impaired	7,789	7,775
31 – 60 days	<u>62</u>	<u>2,063</u>
	<b><u>7,851</u></b>	<b><u>9,838</u></b>

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (Audited)</b>
Unlisted funds	–	26,570
Equity securities listed in Hong Kong	<u>17,762</u>	<u>66,322</u>
	<b><u>17,762</u></b>	<b><u>92,892</u></b>

## 11. TRADE PAYABLES

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

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (Audited)</b>
Within 30 days	3,366	3,160
31 – 60 days	<u>1,150</u>	<u>1,071</u>
	<b><u>4,516</u></b>	<b><u>4,231</u></b>

## 12. BORROWINGS

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Mortgage loan, repayable on demand ( <i>Note</i> )	–	–
Instalment loan, repayable on demand	–	166
Bank loans	–	1,512
Bank overdrafts	–	486
	<hr/>	<hr/>
Secured bank borrowings	–	2,164
Unsecured other borrowing	<b>1,400</b>	1,400
	<hr/>	<hr/>
	<b>1,400</b>	3,564
	<hr/> <hr/>	<hr/> <hr/>

*Note:* As at 30 June 2017 and 31 December 2016, the mortgage loan was reclassified to liabilities associated with assets classified as held for sale.

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

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Within one year	<b>1,400</b>	3,564
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2016, the Group had aggregate banking facilities of approximately HK\$2,867,000 for loans and other facilities. Unused facilities as at the same date amounted to approximately HK\$703,000. These facilities were secured by:

- (a) The Group's pledged bank deposits amounting to approximately HK\$2,017,000 as at 31 December 2016;
- (b) Limited guarantee from Hong Kong Mortgage Corporation Limited and the government of Hong Kong Special Administrative Region; and
- (c) Unlimited guarantees from a non-controlling shareholder and director of subsidiaries.

### 13. COMMITMENTS

#### (a) Capital commitments

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u>22,500,000</u>	<u>–</u>

#### (b) Operating lease commitments

##### *As lessee*

The Group leases certain office premises, warehouses and a yacht under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to approximately three years. Rental were fixed at the inception of the leases.

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

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Within one year	1,667	4,283
In the second to fifth years inclusive	<u>593</u>	<u>1,200</u>
	<u>2,260</u>	<u>5,483</u>

### 14. EVENTS AFTER THE REPORTING PERIOD

On 4 July 2017, 172,700,000 share options were granted to ten eligible participants under the share option scheme of the Company with an exercise price of HK\$0.2004 per option and the validity period of one year from the date of grant. The share options were fully exercised in July 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's interim results for the six months ended 30 June 2017 (the "2017 Interim").

### **Business Review**

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

### ***Food products operation***

For the 2017 Interim, the food products operation recorded revenue of approximately HK\$45.95 million (2016: HK\$45.03 million) with a segment loss of approximately HK\$0.02 million (2016: segment profit of approximately HK\$1.37 million).

During the 2017 Interim, more points of sales were established, whereas the results from food products operation deteriorated. The decrease in segment profit of approximately HK\$1.39 million is mainly attributable to (i) the decline in turnover per point of sale resulted from the weak consumption sentiment in Hong Kong; (ii) the increase in staff costs and (iii) the increase in commission for the Group's concessionaire stores, payable to the supermarket chains.

During the 2017 Interim, Hong Kong issued import ban on meat and poultry from Brazil after the announcements by the Brazilian authorities, in which there were evidence that some of the nation's largest meat producers had bribed government officials to approve the sale and export of contaminated meat (the "Brazil Meat Scandal"). Nonetheless, food safety is one of the Group's top priority. The Group continues to choose reliable suppliers and source the raw materials for food production carefully. The Group has also dedicated much effort to control the food costs, especially after the Brazil Meat Scandal, such that the cost of inventories consumed remained steady even though the meat and poultry prices increased due to the restricted supply during the 2017 Interim.

## Securities Investment Business

As at 30 June 2017, the Group had a portfolio of securities investment of approximately HK\$17.76 million (31 December 2016: HK\$92.89 million) and all (31 December 2016: HK\$66.32 million) of which were equity securities listed in Hong Kong. For the 2017 Interim, the Group recorded a net unrealised loss of approximately HK\$17.33 million from continuing operations (2016: HK\$45.02 million from continuing operations and HK\$3.52 million from discontinued operation) in its entire securities investment.

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

Company name/Stock code	At 30 June 2017				At 30 June 2016			
	% of shareholding of the respective share	Change on fair value for 6 months HK\$'000 (Unaudited)	Fair value as at 30 June 2017 HK\$'000 (Unaudited)	% to the total assets of the Group	% of shareholding of the respective share	Change on fair value for 6 months HK\$'000 (Unaudited)	Fair value as at 30 June 2016 HK\$'000 (Unaudited)	% to the total assets of the Group
<b>From continuing operations</b>								
L & A International Holdings Limited (8195)	3.71%	(949)	9,491	2.19%	2.48%	(29,914)	244,032	29.76%
Season Pacific Holdings Limited (8127)	0.89%	(13,435)	5,007	1.16%	-	-	-	-
China Environmental Energy Investment Limited (986)	1.82%	(1,292)	2,006	0.46%	1.82%	(1,904)	7,276	0.89%
Time2U International Holding Limited (1327)	0.71%	(1,069)	1,049	0.24%	-	-	-	-
China 33 Media Group Limited (8087)	0.12%	(588)	203	0.05%	0.83%	1,344	6,336	0.77%
Huatai Securities Co., Ltd. (6886)	0.00%	-	6	0.00%	0.00%	(1)	7	0.00%
Major Holdings Limited (1389)	-	-	-	-	0.39%	3,238	17,483	2.13%
GreaterChina Professional Services Limited (8193)	-	-	-	-	0.68%	(9,240)	15,840	1.93%
China Construction Bank Corporation (939)	-	-	-	-	0.00%	66	15,468	1.89%
China Properties Investment Holdings Limited (736)	-	-	-	-	2.10%	(7,772)	3,346	0.41%
China Jicheng Holdings Limited (1027)	-	-	-	-	0.01%	(690)	2,050	0.25%
Luen Wong Group Holdings Limited (8217)	-	-	-	-	0.00%	(73)	359	0.04%
Total		<u>(17,333)</u>	<u>17,762</u>			<u>(44,946)</u>	<u>312,197</u>	



The loss on fair value change of financial assets at FVTPL for the 2017 Interim, amounting to approximately HK\$17.33 million was mainly due to the drop in share price of Season Pacific Holdings Limited.

For the 2017 Interim, the Group recorded a net realised loss of approximately HK\$33.61 million (2016: Nil) from continuing operations. Included in the loss on disposal of financial assets at FVTPL, the loss on disposal of equity securities listed in Hong Kong are as follows:

	<b>For the 2017 Interim</b>	
	<b>Loss on disposal</b>	<b>% to the loss before tax of the Group</b>
	<b>HK\$'000</b>	
	<b>(Unaudited)</b>	
GreaterChina Professional Services Limited (8193)	<b>22,796</b>	<b>31.03%</b>
Major Holdings Limited (1389)	<b>3,816</b>	<b>5.19%</b>
Unity Investments Holdings Limited (913)	<b>3,488</b>	<b>4.75%</b>
China 33 Media Group Limited (8087)	<b>2,993</b>	<b>4.07%</b>
Bar Pacific Group Holdings Limited (8432)	<b>799</b>	<b>1.09%</b>
	<b>33,892</b>	<b>46.13%</b>

The Group's investment portfolio is subject to the volatility of the market. The management will cut losses on certain investments which will be in vulnerable position and keep those with better prospect.

The Group will continue to monitor the existing portfolio closely to maximise the return prospect for the investments.

### ***Money Lending Business***

The Group's money lending business maintained a steady performance. During the 2017 Interim, it generated interest income of approximately HK\$4.67 million (2016: HK\$4.41 million) and recorded a segment profit of approximately HK\$4.50 million (2016: HK\$3.63 million).

As at 30 June 2017, an aggregate loan of approximately HK\$417.36 million (31 December 2016: HK\$342.37 million) with effective interest rate ranging from 3% to 24% per annum (31 December 2016: 3% to 24% per annum) had been built up by the Group. As at 30 June 2017, the outstanding loan receivables of the Group amounted to approximately HK\$203.46 million (31 December 2016: HK\$154.32 million). Loans are generally secured by collaterals (e.g. real estates, equity securities).

### ***Dessert Catering Business***

The Group started its expansion, through its associate (the “Lucky Dessert Group”), into the dessert catering business, “Lucky Dessert 發記甜品” in the PRC in 2015.

As at 30 June 2017, the Lucky Dessert Group had one self-operated dessert catering restaurant and licence rights were granted to two operators to operate another three in Tianjin and Taiyuan, Shanxi.

The Lucky Dessert Group will decisively discontinue or adjust the business of outlets with subpar revenue contribution after careful assessment. Resources will be concentrated on existing profitable restaurants to boost revenue. The management reckons that “Lucky Dessert 發記甜品” possesses the distinctive attributes to be a competitive brand in China’s casual catering industry.

### **Financial Review**

During the 2017 Interim, the Group’s revenue from continuing operations amounted to approximately HK\$50.81 million which was approximately 1% higher than that of the last corresponding period. The slight increment was mainly due to the rise in (i) revenue from food products operation; and (ii) interest income (net of inter segment elimination) generated from the money lending business to approximately HK\$45.95 million and HK\$4.67 million respectively for 2017 Interim (2016: HK\$45.03 million and HK\$4.41 million respectively).

Loss attributable to the owners of the Company from continuing operations was approximately HK\$73.10 million for the 2017 Interim, an increase of approximately 23% as compared to the last corresponding period. The increase was mainly attributable to (i) the net realised loss from financial assets at FVTPL amounting to approximately HK\$33.61 million; and (ii) the increase in employee benefits expenses and other operating expenses, after offsetting by the financial effect of the decrease in net unrealised loss from financial assets at FVTPL from approximately HK\$45.02 million for the six months ended 30 June 2016 to approximately HK\$17.33 million for the 2017 Interim.

The cost of inventories consumed from continuing operations for the 2017 Interim amounted to approximately HK\$19.22 million (2016: HK\$18.96 million). The cost of inventories consumed was approximately 42% (2016: 42%) of the Group's revenue on food products operation business during the 2017 Interim. The Group will keep the strategy on bulk purchases of food raw materials from suppliers in order to enjoy a larger discount and achieved optimum food mixing.

Employee benefits expenses from continuing operations for the 2017 Interim amounted to approximately HK\$19.99 million (2016: HK\$15.95 million). The increase was mainly due to the development of the Group's business and the wage adjustments to retain experienced staff under the inflationary environment during the 2017 Interim. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

The operating lease rental and related expenses from continuing operations for the 2017 Interim amounted to approximately HK\$2.00 million (2016: HK\$2.46 million).

## **Outlook and Prospects**

The management strives to diversify the Group's existing business and broaden its source of income.

Although the operating conditions for the food products business will continue to be challenging under the weak market sentiments, the Group is still optimistic about the future prospect of the business and confident that its long term growth can be achieved.

The Group is proactively monitoring the rising food costs, labour costs, commission to supermarket chains and rental expenses in order to raise the operational efficiencies of the food products operation.

The Group will actively seek for opportunities to expand its money lending business. The Board intends to expand its loan book by approximately HK\$150 million by the end of 2017, the then aggregate loans offered would be increased by approximately 44% as compared to 2016, subject to the assessment on the borrowers and the quality of collaterals. For the 2017 Interim, new loans of approximately HK\$74.99 million had been built up by the Group.

The Group has been investing in different investment products, including listed securities in Hong Kong and non-listed securities. The non-listed securities investment has been generating satisfying returns (e.g. interest and dividends) to the Group and therefore the Board intends to pursue and further invest in unlisted companies with growth potentials. The management will monitor the risk exposure regularly and adjust the investments portfolio when necessary, while selectively choose those with the most balanced risk and return potential.

The Group has also been approached by potential franchisees of the trademark “Lucky Dessert 發記甜品” for running the dessert catering business in the PRC. The Group will explore opportunities to further develop its dessert catering business.

## **PURCHASE, SALE OR REDEMPTION OF THE SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the 2017 Interim.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company’s listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review. The Company was not aware of any non-compliance during the 2017 Interim.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board considers that the Company has complied with the code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 of the GEM Listing Rules during the 2017 Interim.

## AUDIT COMMITTEE

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

As at 30 June 2017, the audit committee of the Company consists of three independent non-executive Directors, namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang. Mr. Li Fu Yeung is the chairman of the audit committee.

The audit committee had reviewed the Interim Financial Statements for the 2017 Interim and is of the opinion that the preparation of such statements comply with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By Order of the Board  
**Food Idea Holdings Limited**  
**Wong Hoi Yu**  
*Chairman and executive Director*

Hong Kong, 11 August 2017

*As at the date of this announcement, the Board comprises Mr. Wong Hoi Yu and Mr. Yu Ka Ho as executive Directors, and Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang as independent non-executive Directors.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of the Company at <http://www.foodidea.com.hk>.*