



新雀意控股有限公司  
Food Idea Holdings Limited

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



2016

Third Quarterly Report



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

# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. Wong Hoi Yu (*Chairman*)  
(appointed on 16 August 2016)  
Ms. Lau Lan Ying (*Chief executive officer*)  
Mr. Yu Ka Ho  
Mr. Wong Kwan Mo  
(resigned on 16 August 2016)

### Independent non-executive Directors

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

## Compliance Officer

Ms. Lau Lan Ying

## Authorised Representatives

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

## Company Secretary

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

## Audit Committee Members

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

## Remuneration Committee Members

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

## Nomination Committee Members

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

## Auditor

SHINEWING (HK) CPA Limited  
*Certified Public Accountants*

## Legal Adviser to the Company

Michael Li & Co.

## Principal Banker

The Hongkong and Shanghai Banking  
Corporation Limited

## Registered Office

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

## Head Office, Headquarter and Principal Place of Business in Hong Kong

Room A, 6/F.  
CNT Tower  
338 Hennessy Road  
Wan Chai  
Hong Kong

## Hong Kong Share Registrar and Transfer Office

Union Registrars Limited  
Suites 3301-04, 33/F.,  
Two Chinachem Exchange Square,  
338 King's Road,  
North Point, Hong Kong

## Company Website

[www.foodidea.com.hk](http://www.foodidea.com.hk)

## GEM Stock Code

8179



## HIGHLIGHTS

- The Group's revenue from continuing operations for the nine months ended 30 September 2016 increased by approximately 11% to approximately HK\$75,794,000 (2015 (restated): HK\$68,038,000).
- Loss attributable to the owners of the Company for the nine months ended 30 September 2016 was approximately HK\$254,195,000 (2015: profit attributable to the owners of the Company for the nine months ended 30 September 2015: HK\$172,450,000).
- Basic loss per share for the nine months ended 30 September 2016 was approximately HK37.52 cents (basic earnings per share for the nine months ended 30 September 2015 (restated): HK44.87 cents).

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2016 (the “Third Quarterly Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2015, as follows:

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

For the three months and nine months ended 30 September 2016

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>					
Revenue	3	25,298	25,076	75,794	68,038
Other income		287	10	402	43
Cost of inventories consumed		(9,276)	(10,205)	(28,234)	(29,156)
Employee benefits expenses		(7,692)	(7,358)	(23,638)	(20,904)
Depreciation		(892)	(826)	(2,590)	(1,936)
Amortisation		(45)	–	(135)	–
Operating lease rentals and related expenses		(1,202)	(275)	(3,660)	(527)
Utilities expenses		(257)	(156)	(757)	(472)
Loss on disposal of financial assets at fair value through profit or loss		(264,460)	–	(264,460)	–
Gain on fair value change of financial assets at fair value through profit or loss		53,379	77,920	8,363	220,890
Change in fair value of contingent consideration payable		–	(1,008)	(1,220)	(1,844)
Share option expenses		(2,880)	–	(2,880)	–
Other operating expenses		(11,907)	(10,807)	(34,689)	(23,756)
Share of (loss) profit of an associate		(2,431)	(1,942)	(6,083)	11,953
Finance costs	4	(1,594)	(173)	(3,450)	(466)
<b>(Loss) profit before tax from continuing operations</b>	5	<b>(223,672)</b>	70,256	<b>(287,237)</b>	221,863
Income tax credit (expenses)	6	40,265	(13,592)	44,716	(37,178)
<b>(Loss) profit for the period from continuing operations</b>		<b>(183,407)</b>	56,664	<b>(242,521)</b>	184,685
<b>Discontinued operation</b>					
Loss for the period from a discontinued operation	9	(4,033)	(9,554)	(11,616)	(12,610)
<b>(Loss) profit for the period</b>		<b>(187,440)</b>	47,110	<b>(254,137)</b>	172,075

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

For the three months and nine months ended 30 September 2016

Notes	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Other comprehensive expenses for the period: <i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	(5)	(10)	(15)	(9)
Share of foreign currency translation reserve of an associate	(795)	-	(2,580)	-
	(800)	(10)	(2,595)	(9)
Total comprehensive (expenses) income for the period	(188,240)	47,100	(256,732)	172,066
(Loss) profit for the period attributable to:				
Owners of the Company				
- continuing operations	(183,408)	56,450	(242,851)	184,877
- discontinued operation	(3,894)	(9,588)	(11,344)	(12,427)
	(187,302)	46,862	(254,195)	172,450
Non-controlling interests				
- continuing operations	1	214	330	(192)
- discontinued operation	(139)	34	(272)	(183)
	(138)	248	58	(375)
	(187,440)	47,110	(254,137)	172,075
Total comprehensive (expenses) income for the period attributable to:				
Owners of the Company				
- continuing operations	(184,208)	56,440	(245,446)	184,868
- discontinued operation	(3,894)	(9,588)	(11,344)	(12,427)
	(188,102)	46,852	(256,790)	172,441
Non-controlling interests				
- continuing operations	1	214	330	(192)
- discontinued operation	(139)	34	(272)	(183)
	(138)	248	58	(375)
	(188,240)	47,100	(256,732)	172,066
(Loss) earnings per share				
From continuing and discontinued operations				
Basic and diluted (HK cents per share)	(25.79)	10.61	(37.52)	44.87
From continuing operations				
Basic and diluted (HK cents per share)	(25.26)	12.79	(35.85)	48.10



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2016

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note 1) (Unaudited)	Other reserve HK\$'000 (Note 2) (Unaudited)	Foreign currency translation reserve HK\$'000 (Unaudited)	Share option reserve HK\$'000 (Unaudited)	Retained earnings (Accumulated losses) HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Non-controlling interests HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Balance at 1 January 2016</b>	6,528	397,701	106	(1,154)	(6,330)	-	227,111	623,962	2,437	626,399
(Loss) profit for the period	-	-	-	-	-	-	(254,195)	(254,195)	58	(254,137)
Other comprehensive expenses for the period										
Exchange differences on translation of foreign operations	-	-	-	-	(15)	-	-	(15)	-	(15)
Share of foreign currency translation reserve of an associate	-	-	-	-	(2,580)	-	-	(2,580)	-	(2,580)
<b>Total comprehensive (expenses) income for the period</b>	-	-	-	-	(2,595)	-	(254,195)	(256,790)	58	(256,732)
Grant of share options	-	-	-	-	-	2,880	-	2,880	-	2,880
Issue of new shares	1,459	23,866	-	-	-	(1,382)	-	23,663	-	23,663
Transaction costs attributable to the issue of new shares	-	(350)	-	-	-	-	-	(350)	-	(350)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(652)	(652)
<b>Balance at 30 September 2016</b>	7,987	420,937	106	(1,154)	(8,925)	1,498	(27,084)	393,365	1,843	395,208
<b>Balance at 1 January 2015</b>	3,200	65,421	106	(972)	(6)	-	136,862	204,611	1,167	205,778
Profit (loss) for the period	-	-	-	-	-	-	172,450	172,450	(375)	172,075
Other comprehensive expenses for the period										
Exchange differences on translation of foreign operation	-	-	-	-	(9)	-	-	(9)	-	(9)
<b>Total comprehensive (expenses) income for the period</b>	-	-	-	-	(9)	-	172,450	172,441	(375)	172,066
Issue of new shares	2,560	311,680	-	-	-	-	-	314,240	-	314,240
Transaction costs attributable to the issue of new shares	-	(5,555)	-	-	-	-	-	(5,555)	-	(5,555)
Dividend	-	-	-	-	-	-	-	-	(900)	(900)
<b>Balance at 30 September 2015</b>	5,760	371,546	106	(972)	(15)	-	309,312	685,737	(108)	685,629

## Notes:

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



# NOTES TO THE THIRD QUARTERLY FINANCIAL STATEMENTS

*For the nine months ended 30 September 2016*

*Notes:*

## **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 Third Quarterly Financial Statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants 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 Third Quarterly Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 2015 (the "2015 Annual Report"), except for the adoption of the new and revised HKFRSs, which are effective for the financial year beginning on or after 1 January 2016. The adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required. The Third Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2015 Annual Report.

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



### 3. 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 from continuing operations are as follows:

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

The chinese restaurant operation in Hong Kong has been reclassified as discontinued operation for the nine months ended 30 September 2016, details of which are given in Note 9 to the Third Quarterly Financial Statements.

#### **Segment turnover and results**

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

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

	Catering services		Food products operation		Investments		Money lending		Elimination		Consolidated	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Continuing operations</b>												
For the nine months ended 30 September												
SEGMENT TURNOVER	-	20	67,039	65,970	61,068	553	6,480	1,495	(116)	-	134,471	68,038
SEGMENT REVENUE												
External sales	-	20	67,039	65,970	2,391	553	6,364	1,495	-	-	75,794	68,038
Inter-segment sales	-	-	-	-	-	-	116	-	(116)	-	-	-
Total	-	20	67,039	65,970	2,391	553	6,480	1,495	(116)	-	75,794	68,038
RESULTS												
Segment results	(175)	-	1,860	(134)	(253,706)	221,443	5,192	(1,008)	-	-	(246,829)	220,301
Unallocated income											238	12
Unallocated corporate expenses											(27,013)	(8,093)
Change in fair value of contingent consideration payable											(1,220)	(1,844)
Share of (loss) profit of an associate	(6,083)	11,953	-	-	-	-	-	-	-	-	(6,683)	11,953
Share option expenses											(2,680)	-
Finance costs											(3,450)	(466)
(Loss) profit before tax											(287,237)	221,863

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of bank interest income, interest income from loan to an associate, central administrative costs, Directors' emoluments, loss on fair value of contingent consideration payable, share of results of an associate, share option expenses and finance costs. This is the measure reported to CODM for purposes of resource allocation and performance assessments.

Inter-segment sales are charged at prevailing market rates.

### Geographical information

The Group's operations are located in Hong Kong (country of domicile) and Singapore.

Information about the Group's revenue from external customers is presented based on the location of the operations.

The operation in Singapore has not yet commenced and all revenue from external customers of the Group are derived in Hong Kong for the nine months ended 30 September 2016 and 2015.

#### 4. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations:</b>				
Interests on borrowings	161	173	577	466
Promissory note	1,433	–	2,873	–
	<b>1,594</b>	<b>173</b>	<b>3,450</b>	<b>466</b>

#### 5. (LOSS) PROFIT BEFORE TAX

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations:</b>				
(Loss) profit before tax has been arrived at after charging the following:				
Loss on disposal of property, plant and equipment (included in other operating expenses)	–	–	–	5
Operating lease rentals in respect of rented premises	1,131	227	3,464	451

#### 6. INCOME TAX CREDIT (EXPENSES)

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations:</b>				
Current income tax	(262)	139	(423)	8
Deferred income tax	40,527	(13,731)	45,139	(37,186)
	<b>40,265</b>	<b>(13,592)</b>	<b>44,716</b>	<b>(37,178)</b>

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

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

The deferred tax represents mainly the temporary differences in relation to the fair value change on financial assets at FVTPL at 30 September 2016 and 2015.

## 7. (LOSS) EARNINGS PER SHARE

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
<b>(Loss) earnings</b>				
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share, being (loss) profit for the period attributable to the owners of the Company				
– From continuing operations	(183,408)	56,450	(242,851)	184,877
– From discontinued operation	(3,894)	(9,588)	(11,344)	(12,427)
	<b>(187,302)</b>	<b>46,862</b>	<b>(254,195)</b>	<b>172,450</b>
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<b>726,170,000</b>	441,491,000	<b>677,435,000</b>	384,335,000



The weighted average number of ordinary shares for the basic (loss) earnings per share for the three months and nine months ended 30 September 2015 has been adjusted by the bonus element in the rights issue completed on 9 September 2015 and share consolidation completed on 28 June 2016.

Diluted earnings per share for the three months and nine months ended 30 September 2015 were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

No potential ordinary shares for the three and nine months ended 30 September 2016 were dilutive since their conversion to ordinary shares would result in a decrease in loss per share.

## **8. DIVIDEND**

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2016 and 2015.

## **9. DISCONTINUED OPERATION**

On 10 March 2016, the Company, as vendor, entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to dispose of the Chinese restaurant operation through the disposal of the entire issued share capital of GR Holdings Limited ("GR Holdings"), a direct wholly owned subsidiary of the Company, and all the liabilities, obligations and indebtedness due by GR Holdings to the Group at the preliminary consideration of HK\$49 million (subject to adjustment) payable in cash (the "Disposal") to Mr. Wong Kwan Mo (resigned as Chairman and executive Director on 16 August 2016) and Ms. Lau Lan Ying, the executive Director, which constituted as a very substantial transaction of the Company.

The Disposal was completed on 1 August 2016.

After completion, the Company did not hold any interest in the existing Chinese restaurant operation under GR Holdings and its subsidiaries (the "Disposal Group"). Details of the Disposal and the financial effect are set out in the Company's announcements dated 10 March 2016, 22 April 2016, 6 May 2016, 27 June 2016, 3 August 2016 and the circular of the Company dated 20 May 2016.

The results of the Disposal Group are as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	22,916	85,861	185,287	281,381
Other income	38	42	435	276
Cost of inventories consumed	(7,395)	(26,963)	(52,549)	(83,238)
Employee benefits expenses	(9,842)	(32,449)	(71,008)	(101,774)
Depreciation	(1,148)	(3,149)	(7,998)	(14,456)
Operating lease rentals and related expenses	(4,902)	(12,064)	(28,613)	(36,069)
Utilities expenses	(2,191)	(6,519)	(14,202)	(20,442)
Impairment losses of property, plant and equipment	–	(1,631)	(2,731)	(6,294)
Loss on disposal of financial assets at fair value through profit or loss	–	(257)	(12)	(237)
Gain (loss) on fair value change of financial assets at fair value through profit or loss	865	(3,503)	(2,653)	(4,296)
Other operating expenses	(2,367)	(9,108)	(16,814)	(25,501)
Finance costs	(16)	(54)	(115)	(155)
<b>Loss before tax</b>	<b>(4,042)</b>	<b>(9,794)</b>	<b>(10,973)</b>	<b>(10,805)</b>
Income tax credit (expenses)	9	240	(643)	(1,805)
<b>Loss for the period</b>	<b>(4,033)</b>	<b>(9,554)</b>	<b>(11,616)</b>	<b>(12,610)</b>
Loss for the period attributable to:				
Owners of the Company	(3,894)	(9,588)	(11,344)	(12,427)
Non-controlling interests	(139)	34	(272)	(183)
	<b>(4,033)</b>	<b>(9,554)</b>	<b>(11,616)</b>	<b>(12,610)</b>
Loss per share: (HK cents per share)				
Basic and diluted	<b>(0.54)</b>	<b>(2.17)</b>	<b>(1.67)</b>	<b>(3.23)</b>



## 10. EVENTS AFTER THE REPORTING PERIOD

### **Refreshment of general mandate**

As the general mandate (the “Existing General Mandate”) granted to the Directors on 20 May 2016 has been utilised in full, in order to allow for flexibility to raise further capital to finance future investments and/or for future business development, the Board proposes to refresh the Existing General Mandate. Details of the refreshment of the Existing General Mandate are disclosed in the Company’s announcements dated 6 October 2016, 27 October 2016 and 11 November 2016.

### **Acquisition and disposal of listed securities**

The Group acquired and disposed of certain listed securities in Hong Kong. Details of which was disclosed in the Company’s announcement dated 4 November 2016.

### **Financial assets at FVTPL**

Subsequent to the end of the reporting period and up to the date of the publication of this report, there was a significant fluctuation in the fair value of the equity securities.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's third quarterly results for the nine months ended 30 September 2016.

### 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) investments in securities; and (iv) money lending business.

Despite significant efforts undertaken by the Group to expand its catering services, the Group suffered from the deteriorating financial results in light of the severe market competition, the weakening local economy and customer sentiments, and the rising costs of food, labour and rental in the past few years. In respect of the segment results in catering services of the Group, the catering services was the least-performed segment as compared with the food products operation, securities investment and money lending business. Based on the 2015 Annual Report, the Group recorded a segmental loss of approximately HK\$13.21 million in catering services for the year ended 31 December 2015, as compared to the profit of approximately HK\$10.71 million for the corresponding year ended 31 December 2014.

Should the Company keep operating the Chinese restaurant business, apart from continuous operating loss, the Group will have to make substantial capital commitment due to refurbishment of certain restaurants whose rental contracts will be expired and subject to renewal in the upcoming few years.

Having considered (i) the deteriorating results of the Chinese restaurant business which has already exerted a significant pressure on the overall profitability of the Group; (ii) the estimated capital expenditures to be undertaken by the Group as mentioned above; and (iii) the unfavourable market conditions surrounding the restaurant business in Hong Kong, the Board considers that the Disposal represents a good opportunity not only to dispose of its loss-making business but also to unlock the maximum value for the shareholders.



## **Remaining business of the Group after the Disposal**

The Disposal was completed on 1 August 2016. Following the Disposal, the remaining businesses of the Group comprise food products operation, investments in securities, money lending business and dessert catering business.

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

The food products operation represents the production, sales and distribution of food products, such as barbecued food and Taiwanese Lou Mei, to major supermarket chains. The Group operates a food processing factory in Tsuen Wan and over 70 concessionaire stores in Hong Kong. The food products operation establishes an extensive sales and distribution network. The Group can reach out to large amount of customers in local supermarkets and achieve economies of scale through the bulk purchases from the suppliers.

During the nine months ended 30 September 2016, the food products operation generated revenue of approximately HK\$67,039,000, which was risen by approximately 2% as compared with last correspondence period. A segment profit of approximately HK\$1,860,000 was recorded for the nine months ended 30 September 2016 (2015: loss of approximately HK\$134,000).

### ***Securities investment business***


As at 30 September 2016, the Group had a portfolio of securities investment of approximately HK\$136,595,000 and approximately HK\$109,969,000 of which were equity securities listed in Hong Kong. During the period under review, the Group recorded a net unrealised gain of approximately HK\$8,363,000 from the continuing operations and net unrealised loss of approximately HK\$2,653,000 from the discontinued operation (2015: net unrealised gain of approximately HK\$220,890,000 from the continuing operations and net unrealised loss of approximately HK\$4,296,000 from the 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 September 2016				At 30 September 2015			
	% of shareholding of the respective share	Change on fair value for 9 months HK\$'000	Fair value as at 30 September 2016 HK\$'000	% to the total assets of the Group	% of shareholding of the respective share	Change on fair value for 9 months HK\$'000	Fair value as at 30 September 2015 HK\$'000	% to the total assets of the Group
<b>From continuing operations</b>								
L & A International Holdings Limited (8195) ("L&A")	3.71%	(5,636)	29,422	5.88%	2.62%	230,912	330,624	36.03%
GreaterChina Professional Services Limited (8193)	0.68%	2,970	28,050	5.61%	-	-	-	-
Major Holdings Limited (01389)	0.39%	4,995	19,240	3.85%	-	-	-	-
Luen Wong Group Holdings Limited (8217)	0.08%	10,716	17,376	3.48%	-	-	-	-
Season Pacific Holdings Limited (8127)	0.05%	(23)	4,595	0.92%	-	-	-	-
China 33 Media Group Limited (8087)	0.83%	(528)	4,464	0.89%	-	-	-	-
China Environmental Energy Investment Limited (986)	1.82%	(4,964)	4,216	0.84%	-	-	-	-
China Jicheng Holdings Limited (1027)	0.01%	(140)	2,600	0.52%	-	-	-	-
Huatai Securities Co., Ltd. (6886)	0.00%	(2)	6	0.00%	0.00%	(4)	6	0.00%
Kirin Group Holdings Limited (8109)	-	-	-	-	4.38%	(2,363)	16,350	1.78%
China Properties Investment Holdings Limited (736)	-	-	-	-	2.52%	(4,011)	12,954	1.41%
Suncorp Technologies Limited (1063)	-	-	-	-	0.09%	(494)	2,570	0.28%
<b>Total</b>		<b>7,388</b>	<b>109,969</b>			<b>224,040</b>	<b>362,504</b>	

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

	<b>30 September 2016</b>	
	<b>(Loss) gain on disposal for the 9 months HK\$'000</b>	<b>% to the loss before tax of the Group</b>
L&A	<b>(261,636)</b>	<b>91.09%</b>
China Properties Investment Holdings Limited (736)	<b>(6,880)</b>	<b>2.40%</b>
China Properties Investment Holdings Limited RTS (2989)	<b>2,040</b>	<b>N/A</b>
China Construction Bank Corporation (939)	<b>1,818</b>	<b>N/A</b>
China Resources Beer (Holdings) Company Limited (291)	<b>414</b>	<b>N/A</b>
Bank of China Limited (3988)	<b>108</b>	<b>N/A</b>



As at 30 September 2015, the investment in equity securities listed in Hong Kong included mainly L&A shares. Since the share price of L&A rised, there was an unrealised gain on fair value change of L&A shares of approximately HK\$230,912,000 during the nine months ended 30 September 2015.

The Group was aware of the trading price of the L&A shares being extremely volatile in early July 2016. Having regard to the market conditions and the trading price of L&A shares, the Group disposed of all the on-hand L&A shares on 6 July 2016 and recorded a realised loss of approximately HK\$262 million. Details of the disposal of L&A shares are set out in the Company's announcements dated 6 July 2016 and 8 July 2016.

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 which will be better performed in this financial environment.

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

### ***Money lending business***

Since the commencement of the money lending business in June 2015, the Group's money lending business has grown in a rapid pace. During the period under review, it had generated interest income of approximately HK\$6,364,000 (net of inter segment elimination) (2015: HK\$1,495,000) and recorded a segment profit of approximately HK\$5,192,000 (2015: loss of approximately HK\$1,008,000).

An aggregate loan of approximately HK\$342 million with effective interest rate ranging from 3% to 24% per annum had been built up by Group up to 30 September 2016, of which approximately HK\$182 million was repaid by its customers. As at 30 September 2016, the outstanding loan receivables of the Group amounted to approximately HK\$160 million. The Group holds collaterals (e.g. real estates, corporation bonds, shares) for its loan and interest receivables. In the event of default or failure to repay any outstanding amounts by the debtors, the Group will proceed with sale of collaterals.

## ***Dessert catering business***

During the period under review, the Group continued its expansion of the dessert catering business in the PRC.

The Group currently has two self-operating dessert catering restaurants under the trademark of Lucky Dessert in Tianjin and licence right was granted to an operator to operate another two dessert catering restaurants in Tianjin as at 30 September 2016.

During the nine months ended 30 September 2016, Lucky Dessert in the PRC has generated revenue of approximately RMB3.4 million.

## **Financial Review**

During the nine months ended 30 September 2016, the Group's revenue from continuing operations amounted to approximately HK\$75,794,000 which was approximately 11% higher than that of the last corresponding period. The increment was mainly due to (i) the rise in revenue of food products operation from approximately HK\$65,970,000 for the nine months ended 30 September 2015 to approximately HK\$67,039,000 for the nine months ended 30 September 2016; and (ii) the rise in interest income (net of inter segment elimination) generated from the money lending business segment to approximately HK\$6,364,000 for the nine months ended 30 September 2016 from approximately HK\$1,495,000 for the nine months ended 30 September 2015.

Loss attributable to the owners of the Company from the continuing operations was approximately HK\$242,851,000 for the nine months ended 30 September 2016, a significant drop as compared to the profit of approximately HK\$184,877,000 in last corresponding period. Such significant drop was mainly attributable to the net realised loss from financial assets at FVTPL amounting to approximately HK\$264,460,000 for the nine months ended 30 September 2016 and the drop of net unrealised gain on fair value change of financial assets at FVTPL from approximately HK\$220,890,000 for the nine months ended 30 September 2015 to approximately HK\$8,363,000 for the nine months ended 30 September 2016. Although there was an increase in revenue and tax credit for the nine months ended 30 September 2016, such financial impact was offset by the increase in other operating expenses and the share of loss from an associate.

The cost of inventories consumed from continuing operations for the nine months ended 30 September 2016 amounted to approximately HK\$28,234,000 (2015: HK\$29,156,000). The cost of inventories consumed was approximately 42% (2015: 44%) of the Group's revenue on food products operation businesses during the period under review. The Group will keep the strategy on bulk purchases of food raw materials from suppliers in order to enjoy a larger discount and achieved optimum food mixing.

Employee benefits expenses from the continuing operations for the nine months ended 30 September 2016 amounted to approximately HK\$23,638,000 (2015: HK\$20,904,000). The increase was mainly due to the development of money lending business and the wage adjustments to retain experienced staff under the inflationary environment during the period under review. 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 the continuing operations for the nine months ended 30 September 2016 amounted to approximately HK\$3,660,000 (2015: HK\$527,000). The increase was mainly due to the new leasing of office premise and a yacht for business purpose. To have a better control of the operating lease rentals and related expenses, the Group has entered into long-term lease agreements to maintain the rentals at a reasonable level.

## **Outlook and Prospects**

After the completion of the Disposal, the Group will focus on developing other businesses with higher growth potential, such as money lending business. Barring unforeseen circumstances, the scale of the food products operation and the securities investment business of the Group shall remain the same as those prior to the Disposal.

The Board believes that (i) the businesses remained in the Group can serve as a better driver for the Group's performance with solid revenue stream and capital gain potentials; and (ii) the sale proceeds arising from the Disposal can be immediately used for expansion of money lending business which has been growing in a rapid pace. The Group could streamline its operations and allocate its financial resources better.

The Group is also in the course of negotiating with different potential franchisees for expanding its dessert catering business under the trademark "Lucky Dessert 發記甜品" to other areas of the PRC, and has been approached by potential franchisees for running the dessert catering business in other cities such as Beijing and Xi'an, the PRC and other countries in Southeast Asia. A dessert catering restaurant, which is operated by a new franchisee, will be opened in Taiyuan, Shanxi before the Chinese New Year. The Directors will continue to negotiate with the respective franchisees and will update the shareholders for any material progress.



## Liquidity, Financial and Capital Resources

### ***Capital structure***

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

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

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

### ***Cash position***

As at 30 September 2016, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$10,916,000 (31 December 2015: approximately HK\$96,654,000).

The pledged bank deposits of approximately HK\$2,012,000 as at 30 September 2016 and HK\$3,531,000 as at 31 December 2015 were pledged to banks for the banking facilities of the Group.



## ***Borrowings***

As at 30 September 2016, the carrying amount of the Group's borrowings was approximately HK\$5,213,000 (31 December 2015: approximately HK\$35,769,000).

## **Gearing ratio**

Gearing ratio is calculated as net debt (borrowings and promissory note less pledged bank deposit, bank balance and cash) divided by the total of net debt and total equity. The gearing ratio as at 30 September 2016 was 17%.

Gearing ratio was not applicable to the Group as at 31 December 2015 as the Group's bank balances and cash were more than its borrowings.

## **Contingent Liabilities**

Save as disclosed elsewhere in the Third Quarterly Financial Statements, there were no other significant contingent liabilities of the Group as at 30 September 2016.

## **Dividend**

Details of the dividend are set out in the Note 8 to the Third Quarterly Financial Statements.

## **Employees Numbers and Remuneration Policy**

As at 30 September 2016, the Group had around 180 employees from the continuing operations. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.



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

Saved as the Disposal, acquisition and disposal of financial assets at FVTPL disclosed elsewhere in this report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the nine months ended 30 September 2016. Saved as disclosed elsewhere in this report, there is no plan for material investments or capital assets as at 30 September 2016.

## **SHARE OPTION SCHEME**

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

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

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



The total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue on 9 December 2011 (i.e 320,000,000 ordinary shares after the adjustment of the share sub-division on 12 January 2012 and share consolidation on 28 June 2016) unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. At 30 September 2016, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 16,640,000 (31 December 2015: Nil), representing approximately 2.08% (31 December 2015: Nil) of the shares of the Company in issue on that date.

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

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


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

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

Options granted under the Share Option Scheme must be taken up within 28 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK\$1 to the Company as consideration for the grant. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, and in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised, but the Board may, subject to the provisions of the GEM Listing Rules, in its absolute discretion when granting the option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as it may think fit.

The following table discloses the movements in the Company's share options from 1 January 2016 to 30 September 2016:

	Date of grant	Exercise price per option HK\$	Exercise period	Number of share options				Balance as at 30 September 2016
				Balance as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	
<b>Directors and chief executive</b>								
Mr. Yu Ka Ho	1 September 2016	0.24	1 year from the date of grant	-	320,000	-	-	320,000
<b>Other employees and individuals</b>								
In aggregate	1 September 2016	0.24	1 year from the date of grant	-	31,680,000	(15,360,000)	-	16,320,000
<b>Total</b>				<b>-</b>	<b>32,000,000</b>	<b>(15,360,000)</b>	<b>-</b>	<b>16,640,000</b>
				HK\$	HK\$	HK\$	HK\$	HK\$
Weighted average exercise price				-	0.24	0.24	-	0.24



During the nine months ended 30 September 2016, (i) 32,000,000 share options were granted (for the nine months ended 30 September 2015: Nil); (ii) 15,360,000 share options were exercised (for the nine months ended 30 September 2015: Nil); and (iii) no share options were cancelled or lapsed (for the nine months ended 30 September 2015: Nil).

The closing price of the Company's shares immediately before 1 September 2016, the date of grant of the share options, was HK\$0.174.

In respect of the share options exercised during the nine months ended 30 September 2016, the weighted average share price of the Company's share at the dates of the exercise was HK\$0.24 (for the nine months ended 30 September 2015: Nil) and the weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised was HK\$0.25 (for the nine months ended 30 September 2015: Nil).

The share options outstanding at 30 September 2016 had a weighted average exercise price at HK\$0.24 (2015: Nil) and a weighted average remaining contractual life of less than 1 year (2015: Nil).

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

As at 30 September 2016, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### Long Positions in shares and underlying shares of the Company

Name of Directors	Capacity/nature of interest	Total number of ordinary shares held	Number of share options held	Total interest	Approximate percentage of interest
Ms. Lau Lan Ying (Note)	Interest in controlled corporation	133,575,600	–	133,575,600	16.72%
Mr. Yu Ka Ho	Beneficial owner	–	320,000	320,000	0.04%

*Note:*

96,075,600 and 37,500,000 shares are owned by KMW Investments Limited ("KMW") and Strong Light Investments Limited ("Strong Light") respectively. KMW and Strong Light are companies incorporated in the British Virgin Islands (the "BVI") and Hong Kong respectively. The entire issued share capital of KMW and Strong Light are beneficially owned as to 50% by Ms. Lau Lan Ying and 50% by Mr. Wong Kwan Mo (spouse of Ms. Lau Lan Ying).

Saved as disclosed above, as at 30 September 2016, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

So far as the Directors are aware, as at 30 September 2016, other than the Directors and chief executive of the Company whose interests and short positions are disclosed under the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, the following parties have interest or short position in the shares or underlying shares of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who was expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

### Long positions in shares and underlying shares of the Company

Name	Capacity/nature of interest	Total number of ordinary shares	Approximate percentage of interest
Mr. Wong Kwan Mo (Note)	Interest in controlled corporation	133,575,600	16.72%
KMW (Note)	Beneficial owner	96,075,600	12.03%

*Note:*

Mr. Wong Kwan Mo was interested in an aggregate of 133,575,600 shares through his interest in KMW and Strong Light. 96,075,600 and 37,500,000 shares are owned by KMW and Strong Light respectively. KMW and Strong Light are companies incorporated in the BVI and Hong Kong respectively. The entire issued share capital of KMW and Strong Light are beneficially owned as to 50% by Mr. Wong Kwan Mo and 50% by Ms. Lau Lan Ying.

Saved as disclosed above, as at 30 September 2016, the Directors were not aware of any other person (other than the Directors or chief executive as disclosed in the paragraph headed "Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.



## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Other than as disclosed under the sections “Share Option Scheme” and “Directors’ and chief executive’s interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations” above, at no time during the nine months ended 30 September 2016 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## **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 nine months ended 30 September 2016.

## **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

None of the Directors, their respective associates and the substantial shareholders were interested in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group or had any other conflicts with the Group during the nine months ended 30 September 2016.

## **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 nine months ended 30 September 2016.

## 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 nine months ended 30 September 2016.

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

As at 30 September 2016, 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 Third Quarterly Financial Statements for the nine months ended 30 September 2016 and is of the opinion that the preparation of such statements complied with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 14 November 2016

*As at the date of this report, the Board comprises Ms. Lau Lan Ying, 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.*