



新煮意控股有限公司
Food Idea Holdings Limited

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

First Quarterly Report
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 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*)
Mr. Yu Ka Ho (*Chief executive officer*)

Independent non-executive Directors

Mr. Li Fu Yeung
Mr. Kwan Wai Yin, William
Mr. Tam Lok Hang

Compliance Officer

Mr. Yu Ka Ho

Authorised Representatives

Mr. Yu Ka Ho
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

Remuneration Committee Members

Mr. Tam Lok Hang (*Chairman*)
Mr. Li Fu Yeung
Mr. Kwan Wai Yin, William

Nomination Committee Members

Mr. Li Fu Yeung (*Chairman*)
Mr. Kwan Wai Yin, William
Mr. Tam Lok Hang

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants

Principal Banker

The Hongkong and Shanghai Banking
Corporation Limited

Registered Office

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

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

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Wanchai
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Hong Kong Share Registrar and Transfer Office

Union Registrars Limited
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North Point, Hong Kong

Company Website

www.foodidea.com.hk

GEM Stock Code

8179

HIGHLIGHTS

- The Group's revenue from continuing operations for the three months ended 31 March 2017 decreased by approximately 4% to approximately HK\$25,025,000 (2016: HK\$26,143,000 (restated)).
- Loss attributable to the owners of the Company for the three months ended 31 March 2017 amounted to approximately HK\$27,221,000 (Profit attributable to the owners of the Company for the three months ended 31 March 2016: HK\$35,080,000).
- Basic loss per share from continuing operations for the three months ended 31 March 2017 was approximately HK2.9 cents (Basic earnings per share from continuing operations for the three months ended 31 March 2016: HK5.6 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 ended 31 March 2017 (the “First Quarterly 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 ended 31 March 2017

		For the three months ended 31 March	
	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Restated)
Continuing operations			
Revenue	3	25,025	26,143
Other income		107	32
Cost of inventories consumed		(9,275)	(9,856)
Employee benefits expenses		(9,758)	(8,262)
Depreciation		(1,298)	(837)
Amortisation		(52)	(45)
Operating lease rentals and related expenses		(1,204)	(1,241)
Utilities expenses		(210)	(233)
Loss on disposal of financial assets at fair value through profit or loss, net		(2,712)	–
(Loss) gain on fair value change of financial assets at fair value through profit or loss, net		(13,632)	54,465
Loss on fair value of contingent consideration payable		–	(1,220)
Other operating expenses		(11,822)	(9,559)
Share of loss of an associate		(1,381)	(1,608)
Finance costs	4	(1,082)	(174)
(Loss) profit before tax	5	(27,294)	47,605
Income tax expenses	6	(43)	(10,687)
(Loss) profit for the period from continuing operations		(27,337)	36,918

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

For the three months ended 31 March 2017

		For the three months ended 31 March	
Note	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Restated)	
Discontinued operation			
	7	–	(1,690)
		(27,337)	35,228
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
		2	6
		511	660
		513	666
		(26,824)	35,894
		(27,221)	36,733
		–	(1,653)
		(27,221)	35,080
		(116)	185
		–	(37)
		(116)	148
		(27,337)	35,228

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

For the three months ended 31 March 2017

		For the three months ended 31 March	
	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Restated)
Total comprehensive (expenses) income for the period attributable to owners of the Company			
– from continuing operations		(26,708)	37,399
– from discontinued operation		–	(1,653)
		(26,708)	35,746
Total comprehensive (expenses) income for the period attributable to non-controlling interests			
– from continuing operations		(116)	185
– from discontinued operation		–	(37)
		(116)	148
		(26,824)	35,894
(Loss) earnings per share		2017	2016 (Restated)
From continuing and discontinued operations			
Basic and diluted (HK cents)	8	(2.9)	5.4
From continuing operations			
Basic and diluted (HK cents)	8	(2.9)	5.6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2017

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Shares options reserve HK\$'000	Capital reserve HK\$'000 Note (i)	Other reserve HK\$'000 Note (ii)	Foreign currency translation reserve HK\$'000	(Accumulated loss) Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2017	7,988	420,936	1,498	106	(182)	(10,760)	(106,128)	313,460	1,620	315,080
Loss for the period	-	-	-	-	-	-	(27,221)	(27,221)	(116)	(27,337)
Other comprehensive income for the period										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	2	-	2	-	2
Share of foreign currency translation reserve of an associate	-	-	-	-	-	511	-	511	-	511
Total comprehensive income (expenses) for the period	-	-	-	-	-	513	(27,221)	(26,708)	(116)	(26,824)
Issue of new shares	1,597	21,406	-	-	-	-	-	23,003	-	23,003
Transaction costs attributable to the issue of new shares	-	(90)	-	-	-	-	-	(90)	-	(90)
Balance at 31 March 2017	9,585	442,252	1,498	106	(182)	(10,247)	(133,347)	309,665	1,504	311,169
Balance at 1 January 2016	6,528	397,701	-	106	(1,154)	(6,330)	227,111	623,962	2,437	626,399
Profit for the period	-	-	-	-	-	-	35,080	35,080	148	35,228
Other comprehensive income for the period										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	6	-	6	-	6
Share of foreign currency translation reserve of an associate	-	-	-	-	-	660	-	660	-	660
Total comprehensive income for the period	-	-	-	-	-	666	35,080	35,746	148	35,894
Balance at 31 March 2016	6,528	397,701	-	106	(1,154)	(5,664)	262,191	659,708	2,585	662,293

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 the transactions with the non-controlling interests, capital contributions from non-controlling interests and share of other reserve of an associate.

NOTES TO THE FIRST QUARTERLY FINANCIAL STATEMENTS

For the three months ended 31 March 2017

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, Wanchai, 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) investment in securities; and (iv) money lending business.

2. BASIS OF PREPARATION

The First 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 First Quarterly 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 HKFRSs, which are effective for the financial year beginning 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 and presented. Accordingly, no prior period adjustment has been required. The First 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 2016 Annual Report.

The First Quarterly Financial Statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values. The First 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 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 – Investment 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, which is described in more details in Note 7.

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 investments (for segment turnover only), dividend income and interest income from both the investments 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, loss on fair value of contingent consideration payable, share of loss of an associate and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessments.

3. SEGMENT INFORMATION (CONTINUED)

Continuing operations

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

For the three months ended 31 March

	Catering services		Food products operation		Investments		Money lending		Elimination		Consolidated	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Restated)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Restated)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Restated)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Restated)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Restated)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Restated)
SEGMENT TURNOVER	-	-	22,627	23,322	28,787	526	2,142	2,354	(39)	(59)	53,517	26,143
SEGMENT REVENUE												
External sales	-	-	22,627	23,322	295	526	2,103	2,295	-	-	25,025	26,143
Inter-segment sales	-	-	-	-	-	-	39	59	(39)	(59)	-	-
Total	-	-	22,627	23,322	295	526	2,142	2,354	(39)	(59)	25,025	26,143
Segment results	(65)	(56)	51	696	(16,048)	54,991	1,790	2,061	-	-	(14,273)	57,692
Unallocated income											107	32
Unallocated corporate expenses											(10,665)	(7,117)
Loss on fair value of contingent consideration payable	-	(1,220)	-	-	-	-	-	-	-	-	-	(1,220)
Share of loss of an associate	(1,381)	(1,608)	-	-	-	-	-	-	-	-	(1,381)	(1,608)
Finance costs											(1,082)	(174)
(Loss) profit before tax											(27,294)	47,605

Geographical information

No geographical information is presented as all revenue from external customers of the Group are derived from Hong Kong for both periods.

Information about major customers

None of the Group's customers contributed 10% or more of the Group's total revenue for both periods.

4. FINANCE COSTS

Continuing operations

	For the three months ended 31 March	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited) (Restated)
Interests on borrowings	61	174
Interests on promissory note	1,021	–
	1,082	174

5. (LOSS) PROFIT BEFORE TAX

Continuing operations

	For the three months ended 31 March	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited) (Restated)
(Loss) profit before tax has been arrived at after charging the following:		
Operating lease rentals in respect of rented premises	1,111	1,200

6. INCOME TAX EXPENSES

Continuing operations

	For the three months ended 31 March	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Restated)
Current income tax	181	91
Deferred income tax	(138)	10,596
	43	10,687

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 (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 since the subsidiaries in the PRC did not derive any assessable profits for both periods.

The deferred tax expenses for the three months ended 31 March 2016 represented mainly the temporary differences in relation to the unrealised fair value change on financial assets at fair value through profit or loss ("FVTPL"). The Group did not recognise deferred tax assets in respect of certain tax losses and deductible temporary differences due to the unpredictability of future profit stream for both periods.

7. DISCONTINUED OPERATION

Pursuant to the sale and purchase agreement entered into on 10 March 2016 (the "Sales and Purchase Agreement"), the Company agreed to dispose of its entire issued share capital of GR Holdings Limited, one of its subsidiaries, and all the liabilities, obligations and indebtedness due by GR Holdings Limited and its subsidiaries (the "Disposal Group") to the remaining group (the "Sale Loan") to Mr. Wong Kwan Mo and Ms. Lau Lan Ying, who were the former executive Directors and the substantial shareholders of the Company, which constituted a very substantial transaction of the Company (the "Disposal"). The Disposal Group carried out all of the Group's Chinese restaurant operation in Hong Kong. In the opinion of the Directors, as the operating and economic environment for restaurant industry was deteriorating, the catering services of the Disposal Group was challenged by high food costs, high rent and high labour costs for recruiting and retaining employees, the Group therefore disposed of the Disposal Group during the year ended 31 December 2016. The consideration is same as the net asset value of the Disposal Group and the Sale Loan at the completion date, i.e. 1 August 2016.

Following the completion of the Disposal, the Group discontinued all its operation in the Chinese restaurant operation in Hong Kong.

7. DISCONTINUED OPERATION (CONTINUED)

The results of the discontinued operation for the period from 1 January 2016 to 31 March 2016, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the three months ended 31 March 2016 <i>HK\$'000</i>
Revenue	94,033
Other income	172
Cost of inventories consumed	(25,127)
Employee benefits expenses	(34,204)
Depreciation	(3,539)
Operating lease rentals and related expenses	(11,956)
Utilities expenses	(6,024)
Other loss	(2,731)
Loss on fair value of financial assets at fair value through profit or loss, net	(2,761)
Other operating expenses	(8,629)
Finance costs	(53)
Loss before tax	(819)
Income tax expenses	(871)
Loss for the period	<u><u>(1,690)</u></u>

8. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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 31 March	
	2017 HK\$000 (Unaudited)	2016 HK\$000 (Unaudited) (Restated)
(Loss) earnings		
(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	(27,221)	36,733
– From discontinued operation	–	(1,653)
	(27,221)	35,080
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	949,589,333	652,800,000

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share for the three months ended 31 March 2016 has been adjusted for the share consolidation on 28 June 2016.

Diluted loss per share for the period ended 31 March 2017 was 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 period ended 31 March 2017.

Diluted earnings per share for the three months ended 31 March 2016 was the same as the basic earnings per share as there was no dilutive potential ordinary shares outstanding.

9. DIVIDEND

No dividend were paid or proposed for the three months ended 31 March 2017 nor have any dividend been proposed since the end of the reporting period (2016: Nil).

10. EVENTS AFTER THE END OF THE REPORTING PERIOD

Rights Issue

The Company proposes to raise approximately HK\$134 million (before expenses) on the basis of one rights share for every one ordinary share held, by issuing 958,464,000 rights shares at the subscription price of HK\$0.14 per rights share (the "Rights Issue").

On 28 February 2017, the Company entered into an underwriting agreement with the underwriters in respect of the Rights Issue and further details of the Rights Issue are set out in (i) the announcements of the Company dated 28 February 2017, 23 March 2017, 12 April 2017 and 13 April 2017; (ii) the circular of the Company dated 25 March 2017; and (iii) the prospectus of the Company dated 27 April 2017.

The Rights Issue is not yet completed as of the date of this report.

Proposed refreshment of the scheme mandate limit

The Company proposes to refresh the scheme mandate limit under the share option scheme of the Company. Further details of which is set out in the circular of the Company dated 8 May 2017.

11. COMPARATIVES

Certain items related to the discontinued operation for the three months ended 31 March 2016 have been restated to conform to current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's first quarterly results for the three months ended 31 March 2017 (the "2017 First Quarter").

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.

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 under-performed segment as compared with the other segments.

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 expire 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 considered that the Disposal represented a good opportunity not only to dispose of its loss-making business but also to unlock the maximum value for the shareholders.

Remaining businesses 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, investment in securities, money lending business and dessert catering business.

Food products operation

For the 2017 First Quarter, the food products operation recorded revenue of approximately HK\$22.63 million (2016: HK\$23.32 million) with a segment profit of approximately HK\$0.05 million (2016: HK\$0.70 million).

During the 2017 First Quarter, Hong Kong issued import ban on meat and poultry from Brazil after the announcements by the Brazilian authorities, in which there were investigating 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"). The ban and the relevant adverse publicity on meat lowered the consumer confidence towards the barbecued food products. Both the revenue and segment profit for the food products operation were affected and decreased accordingly.

Securities Investment Business

As at 31 March 2017, the Group had a portfolio of securities investment of approximately HK\$48.06 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 First Quarter, the Group recorded a net unrealised loss of approximately HK\$13.63 million from continuing operations (2016: net unrealised gain of approximately HK\$54.47 million from continuing operations and net unrealised loss of approximately HK\$2.76 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	As at 31 March 2017				As at 31 March 2016			
	% of shareholding of the respective share	Change on fair value for 3 months HK\$'000	Fair value as at 31 March 2017 HK\$'000	% to the total assets of the Group	% of shareholding of the respective share	Change on fair value for 3 months HK\$'000	Fair value as at 31 March 2016 HK\$'000	% to the total assets of the Group
From continuing operations								
GreaterChina Professional Services Limited (8193)	0.79%	(385)	24,255	5.99%	0.68%	(3,960)	21,120	2.35%
L & A International Holdings Limited (8195)	3.71%	(949)	9,491	2.35%	2.62%	61,926	335,872	37.34%
Major Holdings Limited (1389)	0.15%	329	4,716	1.17%	0.39%	(1,850)	12,395	1.38%
Unity Investments Holdings Limited (913)	1.75%	(671)	3,996	0.99%	-	-	-	-
China Environmental Energy Investment Limited (986)	1.82%	(306)	2,992	0.74%	1.82%	3,672	12,852	1.43%
Season Pacific Holdings Limited (8127)	0.10%	(11,160)	2,300	0.57%	-	-	-	-
China 33 Media Group Limited (8087)	0.12%	(490)	301	0.07%	0.83%	1,248	6,240	0.69%
Huatai Securities Co., Ltd. (6886)	0.00%	-	6	0.00%	0.00%	-	7	0.00%
China Construction Bank, Corporation (939)	-	-	-	-	0.00%	(464)	14,954	1.66%
China Properties Investment Holdings Limited (736)	-	-	-	-	0.00%	(5,508)	5,610	0.62%
China Life Insurance Company Limited (2628)	-	-	-	-	0.00%	(993)	3,215	0.36%
Hong Kong Exchanges and Clearing Limited (388)	-	-	-	-	0.00%	(209)	3,330	0.37%
China Jicheng Holdings Limited (1027)	-	-	-	-	0.01%	(360)	2,380	0.26%
Total		(13,632)	48,057			53,502	417,975	

For the 2017 First Quarter, the Group recorded a net realised loss of approximately HK\$2.71 million (2016: Nil) in its entire securities investment.

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:

	For the 2017 First Quarter	% to the loss before tax from continuing operations of the Group
	Loss on disposal HK\$'000	
China 33 Media Group Limited	2,993	10.97

The loss on fair value change of financial assets at FVTPL for the 2017 First Quarter, amounting to approximately HK\$11.16 million was due to the drop in share price of Season Pacific Holdings Limited.

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 First Quarter, it generated interest income of approximately HK\$2.10 million (2016: HK\$2.40 million) and recorded a segment profit of approximately HK\$1.79 million (2016: HK\$2.06 million).

As at 31 March 2017, an aggregate loan of approximately HK\$369 million (31 December 2016: HK\$342 million) with effective interest rate ranging from 3% to 12% per annum (31 December 2016: 3% to 24% per annum) had been built up by the Group, of which approximately HK\$224 million (31 December 2016: HK\$188 million) was repaid by its customers. As at 31 March 2017, the outstanding loan receivables of the Group amounted to approximately HK\$145 million (31 December 2016: HK\$154 million). All loans advanced by the Group are either secured by mortgages, legal charges over listed securities in Hong Kong or secured by personal guarantee.

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 31 March 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 causal catering industry.

Financial Review

During the 2017 First Quarter, the Group’s revenue from continuing operations amounted to approximately HK\$25.03 million which was approximately 4% lower than that of the last corresponding period. The decrease was mainly due to the slight decrease in (i) revenue from food products operation; (ii) dividend from investment in securities, and (iii) interest income (net of inter segment elimination) generated from the money lending business segment to approximately HK\$22.63 million, HK\$0.30 million and HK\$2.10 million respectively for 2017 First Quarter (2016: HK\$23.32 million, HK\$0.53 million and HK\$2.30 million respectively).

Loss attributable to the owners of the Company from continuing operations was approximately HK\$27.22 million for the 2017 First Quarter, a significant drop as compared to the profit of approximately HK\$36.73 million in last corresponding period. The significant decrease during the 2017 First Quarter was mainly attributable to (i) the net realised loss from financial assets at FVTPL amounting to approximately HK\$2.71 million; and (ii) the decrease of net unrealised gain from financial assets at FVTPL from approximately HK\$51.70 million for the three months ended 31 March 2016 to net unrealised loss of approximately HK\$13.63 million for the 2017 First Quarter.

The cost of inventories consumed from continuing operations for the 2017 First Quarter amounted to approximately HK\$9.28 million (2016: HK\$9.86 million). The cost of inventories consumed was approximately 41% (2016: 42%) of the Group's revenue on food products operation business during the 2017 First Quarter. 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 First Quarter amounted to approximately HK\$9.76 million (2016: HK\$8.26 million). 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 2017 First Quarter. 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 First Quarter amounted to approximately HK\$1.20 million (2016: HK\$1.24 million).

Outlook and Prospects

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

Due to the abovementioned Brazil Meat Scandal, (i) the meat and poultry costs from non-contaminated areas raise significantly, and (ii) the consumption sentiment on barbequed food is weakened, which have an adverse effect on the performance of the food products operation.

Nonetheless, food safety is one of the Group's top priority. The Group will continue to choose its suppliers and source the raw materials for food production carefully. It is expected that the food products operation will experience challenges in the second quarter of 2017.

The Group is proactively monitoring the rising food costs, labour costs 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.

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.

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, net of 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 31 March 2017, the carrying amount of the Group’s unpledged bank balances and cash was approximately HK\$15,418,000 (31 December 2016: approximately HK\$14,269,000).

The pledged bank deposits of approximately HK\$2,017,000 as at 31 December 2016 and HK\$2,020,000 as at 31 March 2017 were pledged to banks for the banking facilities of the Group.

Borrowings

As at 31 March 2017, the carrying amount of the Group's borrowings was approximately HK\$3,295,000 (31 December 2016: approximately HK\$3,564,000).

Gearing ratio

Gearing ratio is calculated as net debt (borrowings and promissory note less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interest). The gearing ratio as at 31 March 2017 was approximately 16% (31 December 2016: 17%).

Contingent Liabilities

Save as disclosed elsewhere in the First Quarterly Financial Statements, there were no other significant contingent liabilities of the Group as at 31 March 2017.

Dividend

Details of the dividend are set out in the Note 9 to the First Quarterly Financial Statements.

Employees Numbers and Remuneration Policy

As at 31 March 2017, the Group had around 175 employees. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

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

Save as the acquisition and disposal of financial assets at FVTPL disclosed elsewhere in the First Quarterly Financial Statements, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the 2017 First Quarter.

Save as disclosed elsewhere in the First Quarterly Financial Statements, there is no plan for material investments or capital assets as at 31 March 2017.

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.

Where the proposed grant of option to a Director, chief executives, 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; and (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, but 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.

As at 31 March 2017, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 16,640,000, representing 1.74% of the shares of the Company in issue at that date.

Details of the share options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Closing price of the share immediately before the date of grant
1 September 2016	N/A	1 year from the date of grant	HK\$0.24	HK\$0.174

The following table discloses movements of the Company's share options held by the Directors, employees and other individuals during the 2017 First Quarter:

	Date of grant	Exercise price per option HK\$	Exercise period	Number of share options				
				Balance as at 1 January 2017	Granted during the period	Exercised during the period	Expired/lapsed/cancelled during the period	Balance as at 31 March 2017
Directors and chief executives								
Mr. Yu Ka Ho	1 September 2016	0.24	1 year from the date of grant	320,000	-	-	-	320,000
Employees								
	1 September 2016	0.24	1 year from the date of grant	320,000	-	-	-	320,000
Individuals in aggregate								
	1 September 2016	0.24	1 year from the date of grant	16,000,000	-	-	-	16,000,000
				16,640,000	-	-	-	16,640,000
Exercisable at the end of the period								16,640,000
				HK\$	HK\$	HK\$	HK\$	HK\$
Weighted average exercise price				0.24	-	-	-	0.24

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

As at 31 March 2017, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which (a) were required 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) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to Rules 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in the Company

Name of Director	Capacity/nature of interest	Total number of ordinary shares held	Number of share options held	Total interest	Approximate percentage of interest
Mr. Yu Ka Ho	Beneficial owner	-	320,000	320,000	0.03%

Save as disclosed above, as at 31 March 2017, none of the Directors and chief executives of the Company had, or deemed to have, any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in 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 31 March 2017, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, the following parties have interests or short positions 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 were 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 and associated corporations

Name	Capacity/ Nature of interest	Total number of ordinary shares	Approximate percentage of interest
KMW Investments Limited ("KMW") (note 1)	Beneficial owner	377,607,200 (note 2)	19.36%
Mr. Wong Ryan Tai Cheong ("Mr. Wong TC") (note 3)	Beneficial owner	3,156,000	0.16%
	Interest of spouse	18,192,000	0.93%
	Interest in controlled corporation	377,607,200	19.36%
Ms. Fung Pui Wah ("Ms. Fung") (note 4)	Beneficial owner	18,192,000	0.93%
	Interest of spouse	380,763,200	19.52%
SBI China Capital Financial Services Limited ("SBI China") (notes 1,5)	Beneficial owner	623,396,400	31.96%

Name	Capacity/ Nature of interest	Total number of ordinary shares	Approximate percentage of interest
Probest Limited (note 5)	Interest in controlled corporation	623,396,400	31.96%
Cao Guoqi (note 5)	Interest in controlled corporation	623,396,400	31.96%
Long Vehicle Capital Ltd. (note 6)	Interest in controlled corporation	623,396,400	31.96%
Zhang Xiongfeng (note 6)	Interest in controlled corporation	623,396,400	31.96%

Notes

- On 28 February 2017, the Company proposed to conduct the Rights Issue on the basis of one (1) rights share for every one (1) share held on the record date. KMW and SBI China are the underwriters to the Rights Issue. Pursuant to the underwriting agreement dated 28 February 2017, KMW agreed to subscribe for 76,803,600 rights share which represented its entitlement under the Rights Issue and to take up to 224,000,000 underwritten shares and SBI China agreed to take up to 623,396,400 underwritten shares.
- Those 377,607,200 shares represent the aggregate of the existing 76,803,600 shares held by KMW, and its entitlement to the Rights Issue and the maximum amount of underwritten shares, i.e. 224,000,000 rights shares, to be taken up by KMW immediately after the completion of the Rights Issue.
- The entire issued share capital of KMW is owned by Mr. Wong TC. By virtue of SFO, Mr. Wong TC is deemed to be interested in all the shares owned by KMW and to be owned by KMW under the Rights Issue. Mr. Wong TC is the spouse of Ms. Fung. By virtue of SFO, Mr. Wong TC is interested in 18,192,000 shares owned by Ms. Fung.
- Ms. Fung is the spouse of Mr. Wong TC. By virtue of SFO, Ms. Fung is interested in all 380,763,200 shares owned by Mr. Wong TC.
- Based on the notice of disclosure of interest filed by SBI China on 28 February 2017, 623,396,400 shares are held by SBI China. SBI China is wholly-owned by SBI China Capital Securities Limited, which is in turn wholly-owned by SBI China Capital Holdings Limited. SBI China Capital Holdings Limited is owned as to 72.63% by Probest Limited which is in turn wholly-owned by Cao Guoqi. Each of SBI China Capital Securities Limited, SBI China Capital Holdings Limited, Probest Limited and Cao Guoqi is deemed to be interested in 623,396,400 shares held by SBI China.
- Based on the notice of disclosure of interest filed by Long Vehicle Capital Ltd. on 28 February 2017, SBI China Capital Holdings Limited is owned as to 23.46% by Long Vehicle Capital Ltd. which is in turn wholly-owned by Zhang Xiongfeng. Each of Long Vehicle Capital Ltd. and Zhang Xiongfeng is deemed to be interested in 623,396,400 shares held by SBI China.

Save as disclosed above, as at 31 March 2017, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations” above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections “Share Option Scheme” and “Directors’ and chief executives’ interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations” above, at no time during the 2017 First Quarter was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares during the 2017 First Quarter.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

None of the Directors, and their respective associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the 2017 First Quarter or as at 31 March 2017.

AUDIT COMMITTEE

The Company established the audit committee (the “Audit Committee”) pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rule 5.28 and Rule 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 Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules. On 30 December 2015, the Board adopted a set of the 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 31 March 2017, the Audit Committee consists of three members, 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 unaudited First Quarterly Financial Statements 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, 15 May 2017

As at the date of this report, 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.