

新煮意控股有限公司
Food Idea Holdings Limited

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

FRIST
QUARTERLY
REPORT

2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (“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 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. Kwan Wai Yin, William
Mr. Tam Lok Hang
Mr. Chu Sin Bun Jacky
(appointed on 1 February 2018)
Mr. Li Fu Yeung
(resigned on 1 February 2018)

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. Tam Lok Hang (*Chairman*)
(redesignated on 1 February 2018)
Mr. Kwan Wai Yin, William
Mr. Chu Sin Bun Jacky
(appointed on 1 February 2018)
Mr. Li Fu Yeung
(resigned on 1 February 2018)

Remuneration Committee Members

Mr. Tam Lok Hang (*Chairman*)
Mr. Kwan Wai Yin, William
Mr. Chu Sin Bun Jacky
(appointed on 1 February 2018)
Mr. Li Fu Yeung
(resigned on 1 February 2018)

Nomination Committee Members

Mr. Chu Sin Bun Jacky (*Chairman*)
(appointed on 1 February 2018)
Mr. Kwan Wai Yin, William
Mr. Tam Lok Hang
Mr. Li Fu Yeung
(resigned on 1 February 2018)

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Industrial and Commercial Bank of
China (Asia) 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
Wanchai
Hong Kong

Hong Kong Share Registrars 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

GEM Stock Code

8179

HIGHLIGHTS

- The Group's revenue for the three months ended 31 March 2018 increased by approximately 28% to approximately HK\$31,923,000 (2017: HK\$25,025,000).
- Loss attributable to the owners of the Company for the three months ended 31 March 2018 amounted to approximately HK\$28,755,000 (2017: HK\$27,221,000).
- Basic loss per share for the three months ended 31 March 2018 was approximately HK2.11 cents (2017: HK2.73 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 2018 (the “First Quarterly Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2017, as follows:

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

For the three months ended 31 March 2018

		For the three months ended 31 March	
	Notes	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	31,923	25,025
Other income		220	107
Cost of inventories consumed		(12,275)	(9,275)
Employee benefits expenses		(10,461)	(9,758)
Depreciation		(1,339)	(1,298)
Amortisation		(46)	(52)
Operating lease rentals and related expenses		(749)	(1,204)
Utilities expenses		(231)	(210)
Gain (loss) on disposal of financial assets at fair value through profit or loss, net		1,334	(2,712)
Loss on fair value change of financial assets at fair value through profit or loss, net		(21,485)	(13,632)
Share option expenses		(830)	–
Other operating expenses		(13,257)	(11,822)
Share of loss of associates		(1,230)	(1,381)
Share of loss of joint ventures		(77)	–
Finance costs	4	(94)	(1,082)
Loss before tax	5	(28,597)	(27,294)
Income tax expenses	6	(77)	(43)
Loss for the period		(28,674)	(27,337)

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

For the three months ended 31 March 2018

		For the three months ended 31 March	
	Note	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		8	2
Share of foreign currency translation reserve of an associate		2,146	511
		2,154	513
Total comprehensive expense for the period		(26,520)	(26,824)
(Loss) profit for the period attributable to Owners of the Company		(28,755)	(27,221)
Non-controlling interests		81	(116)
		(28,674)	(27,337)
Total comprehensive (expenses) income for the period attributable to Owners of the Company		(26,601)	(26,708)
Non-controlling interests		81	(116)
		(26,520)	(26,824)
Loss per share			(restated)
Basic and diluted (HK cents)	7	2.11	2.73

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2018

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 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 2018	21,071	613,622	-	106	(182)	(6,989)	(165,543)	442,085	1,441	443,526
Loss for the period	-	-	-	-	-	-	(28,755)	(28,755)	81	(28,674)
Other comprehensive income for the period										
Exchange differences arising on translation of foreign operations	-	-	-	-	-	8	-	8	-	8
Share of foreign currency translation reserve of an associate	-	-	-	-	-	2,146	-	2,146	-	2,146
Total comprehensive income (expenses) for the period	-	-	-	-	-	2,154	(28,755)	(26,601)	81	(26,520)
Recognition of equity-settled share based payments	-	-	830	-	-	-	-	830	-	830
Issue of shares upon exercise of share options	208	4,418	(830)	-	-	-	-	3,796	-	3,796
Balance at 31 March 2018	21,279	618,040	-	106	(182)	(4,835)	(214,298)	420,110	1,522	421,632
Balance at 1 January 2017	7,988	420,336	1,498	106	(182)	(10,760)	(106,126)	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)	308,665	1,504	311,169

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 2018

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 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 2017 (the "2017 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 2018. 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 2017 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 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.

Segment turnover, revenue and results

Segment revenue represents revenue derived from the provision of 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, share option expenses, share of loss of associates / joint ventures and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessments.

3. SEGMENT INFORMATION (CONTINUED)

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		Unallocated		Elimination		Consolidated	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)												
SEGMENT TURNOVER	-	-	29,396	22,627	16,431	28,787	2,427	2,142	-	-	-	(39)	48,254	53,517
SEGMENT REVENUE														
External sales	-	-	29,396	22,627	100	295	2,427	2,103	-	-	-	-	31,923	25,025
Inter-segment sales	-	-	-	-	-	-	-	39	-	-	-	(39)	-	-
Total	-	-	29,396	22,627	100	295	2,427	2,142	-	-	-	(39)	31,923	25,025
Segment results	(58)	(65)	278	51	(20,051)	(16,049)	2,128	1,790	-	-	-	-	(17,703)	(14,273)
Unallocated income	-	-	-	-	-	-	-	-	220	107	-	-	220	107
Unallocated corporate expenses	-	-	-	-	-	-	-	-	(8,883)	(10,665)	-	-	(8,883)	(10,665)
Share option expenses	-	-	-	-	-	-	-	-	(830)	-	-	-	(830)	-
Share of loss of associates	(1,230)	(1,381)	-	-	-	-	-	-	-	-	-	-	(1,230)	(1,381)
Share of loss of joint ventures	-	-	-	-	-	-	-	-	(77)	-	-	-	(77)	-
Finance costs	-	-	-	-	-	-	-	-	(94)	(1,082)	-	-	(94)	(1,082)
Loss before tax													(28,597)	(27,294)

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

	For the three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Interests on borrowings	94	61
Interests on promissory note	–	1,021
	94	1,082

5. LOSS BEFORE TAX

	For the three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Loss before tax has been arrived at after charging the following:		
Operating lease rentals in respect of rented premises	677	1,111

6. INCOME TAX EXPENSES

	For the three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current income tax	77	181
Deferred income tax	–	(138)
	77	43

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") (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 subsidiary in the PRC did not derive any assessable profits for both periods.

7. LOSS PER SHARE

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

	For the three months ended 31 March	
	2018 HK\$000 (Unaudited)	2017 HK\$000 (Unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share, being loss for the period attributable to the owners of the Company	(28,755)	(27,221)
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,365,292,163	997,873,537

The weighted average number of ordinary shares for the purpose of basic loss per share for the three months ended 31 March 2017 has been adjusted for the rights issue of the Company completed on 23 May 2017.

Diluted loss per share for both periods were the same as the basic loss per share. The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share for the periods.

8. DIVIDEND

No dividend were paid or proposed for the three months ended 31 March 2018 nor have any dividend been proposed since the end of the reporting period (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's first quarterly results for the three months ended 31 March 2018 (the "2018 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.

Food Products Operation

For the 2018 First Quarter, the food products operation recorded an increment in revenue of around 30% to approximately HK\$29.40 million when compared with approximately HK\$22.63 million for the three months ended 31 March 2017 (the "2017 First Quarter").

Attributable to the rise in the revenue of the food products operation, its segment operating profit increase from approximately HK\$0.05 million for the 2017 First Quarter to approximately HK\$0.28 million for the 2018 First Quarter.

Securities Investment Business

As at 31 March 2018, the Group had a portfolio of securities investment of approximately HK\$67.92 million (31 December 2017: HK\$80.30 million) and all of them were equity securities / funds listed in Hong Kong. For the 2018 First Quarter, the Group recorded a net unrealised loss of approximately HK\$21.49 million (2017: HK\$13.63 million) and a net realised gain of approximately HK\$1.33 million (2017: net realised loss of approximately HK\$2.71 million) in its entire securities investment.

Details of the investments and their performance are as follows:

Name of the investments	% to the total assets of the Group as at 31 December 2017	% to the interest in the respective investments as at 31 December 2017	Movement for the three months ended 31 March 2018			Fair value as at 31 March 2018 HK\$'000	% to the total assets of the Group as at 31 March 2018	% to the interest in the respective investments as at 31 March 2018	Gain / (loss) on disposal HK\$'000
			Fair value as at 31 December 2017 HK\$'000	Addition / (disposal), net					
				Change on fair value, net HK\$'000					
Equity securities listed in Hong Kong									
In Technical Productions Holdings Limited (8446)	11.58%	1.13%	54,961	-	(26,850)	28,111	6.18%	1.13%	-
My Heart Bodibra Group Limited (8297)	1.29%	5.00%	6,119	-	-	6,119	1.35%	5.00%	-
L & A International Holdings Limited (8195)	0.61%	4.88%	2,873	(2,872)	-	1	0.00%	0.00%	459
China Life Insurance Company Limited - H Shares (2628)	0.52%	0.00%	2,455	-	(295)	2,160	0.48%	0.00%	-
Hong Kong Exchanges and Clearing Limited (388)	0.51%	0.00%	2,398	2,780	(74)	5,104	1.12%	0.00%	-
Beaver Group (Holding) Company Limited (8275)	0.49%	0.58%	2,310	-	5,495	7,805	1.72%	0.58%	-
International Entertainment Corporation (1009)	0.43%	0.08%	2,020	(2,020)	-	-	N/A	N/A	(58)
Season Pacific Holdings Limited (1709)	0.32%	0.47%	1,521	(1,358)	12	175	0.04%	0.05%	55
Cool Link (Holdings) Limited (8491)	0.28%	0.75%	1,350	(300)	613	1,663	0.37%	0.58%	75
Stau Holdings Limited (8392)	0.19%	0.27%	887	-	212	1,099	0.24%	0.27%	-
Takbo Group Holdings Limited (8436)	0.18%	0.50%	840	(840)	-	-	N/A	N/A	415
South China Holdings Company Limited (413)	0.04%	0.00%	201	-	(3)	198	0.04%	0.00%	-
BOC Hong Kong (Holdings) Limited (2388)	N/A	N/A	-	12,100	(840)	11,460	2.52%	0.00%	-
Tencent Holdings Limited (700)	N/A	N/A	-	-	-	-	N/A	N/A	44
Ping An Insurance (Group) Company of China, Ltd. - H Shares (2318)	N/A	N/A	-	1,611	(15)	1,596	0.35%	0.00%	108
Galaxy Entertainment Group Limited (27)	N/A	N/A	-	-	-	-	N/A	N/A	236
			77,935	9,101	(21,545)	65,491			1,334
Fund listed in Hong Kong									
Hang Seng China Enterprises Index ETF (2828)	0.50%	0.01%	2,364	-	60	2,424	0.53%	0.01%	-
			2,364	-	60	2,424			-
Total			80,299	9,101	(21,485)	67,815			1,334

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 2018 First Quarter, it generated interest income of approximately HK\$2.43 million (2017: HK\$2.10 million) and recorded a segment profit of approximately HK\$2.13 million (2017: HK\$1.79 million).

As at 31 March 2018, an aggregate loan of approximately HK\$557.78 million (31 December 2017: HK\$530.45 million) with effective interest rate ranging from 3% to 36% per annum (31 December 2017: 3% to 36% per annum) had been built up by the Group, of which approximately HK\$367.44 million (31 December 2017: HK\$341.56 million) was repaid by its customers. As at 31 March 2018, the outstanding loan receivables of the Group amounted to approximately HK\$190.34 million (31 December 2017: HK\$188.89 million).

Others

The dessert catering industry in the PRC is still facing a fierce competition which is further intensified by the emergence of e-commerce platform and the change of consumption pattern to online channel. The associate of the Group, the Lucky Dessert Group, competes with both new entrants and competitors with longer operating histories. Together with the rising operating costs such as rental expenses and labour costs in the PRC, the Lucky Dessert Group changed its strategy and focused on developing its restaurant network through local business partners in the PRC, instead of operating its self-owned restaurant.

As at 31 March 2018, the Lucky Dessert Group had six (31 December 2017: six) dessert catering restaurants which were operated by three local business partners in Tianjin, Taiyuan and Nanjing. The management reckons that Lucky Dessert possesses the distinctive attributes to be a competitive brand in the PRC's causal catering industry.

The Group also established a joint venture for the development and operation of a bar restaurant in January 2018. It is situated in Xinyi District, Taipei, an international and touristy area for pubs and bars.

Financial Review

During the 2018 First Quarter, the Group's revenue amounted to approximately HK\$31.92 million which was approximately 28% higher than that of the last corresponding period. The increase was mainly attributable to the rise in revenue from food products operation from approximately HK\$22.63 million for the 2017 First Quarter to approximately HK\$29.40 million for the 2018 First Quarter.

The loss attributable to the owners of the Company was approximately HK\$28.76 million for the 2018 First Quarter, a slight increase as compared to approximately HK\$27.22 million for the 2017 First Quarter. Although the Group's revenue recorded a rise of approximately HK\$6.90 million and an increase in the net gain of approximately HK\$4.05 million on disposal of financial assets at FVTPL, the impact was counteracted by the increase in (i) cost of inventories consumed of approximately HK\$3.00 million; (ii) net unrealised loss from financial assets at FVTPL from approximately HK\$7.86 million; and (iii) other operating expenses of approximately HK\$1.44 million for the 2018 First Quarter.

The cost of inventories consumed for the 2018 First Quarter amounted to approximately HK\$12.28 million (2017: HK\$9.28 million). The cost of inventories consumed was approximately 42% (2017: 41%) of the Group's revenue on food products operation business during the 2018 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 for the 2018 First Quarter amounted to approximately HK\$10.46 million (2017: HK\$9.76 million). The increase was mainly due to the development of food products operation business and the wage adjustments to retain experienced staff under the inflationary environment during the 2018 First Quarter. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

Outlook and Prospects

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

For the food products operation, the management is committed to bolster the customer base. The Group continues to search for suitable sites with high traffic flow for expansion and will continue to review the performance of its concessionaire stores and close the underperforming locations. To broaden the customer base, the Group has started the Taiwanese cuisine takeaway store since December 2017. With the benefits from the economies of scales and larger market share, the Group believes the food products operation could achieve better performance. The Group is also proactively monitoring the rising food costs, labour costs and commission expenses to supermarket chains 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 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 Lucky Dessert Group is consistently approached by potential local entrepreneurs of the trademark “Lucky Dessert” for running the dessert catering business in the PRC. The Group will explore opportunities to further develop its dessert catering business.

The Group has expanded its business to wine trading recently. The Board believes tapping into the wine trading business represents a good opportunity for the Group to further develop its distribution and catering business and will help diversify the Group’s business, in terms of product and market base. The Board believes the new expansion of business will broaden the income stream of the Group and is in the interests of the Company and the shareholders as a whole.

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 2018, the carrying amount of the Group’s unpledged bank balances and cash was approximately HK\$21,247,000 (31 December 2017: HK\$37,127,000).

Borrowings

As at 31 March 2018, the carrying amount of the Group's borrowings was approximately HK\$17,010,000 (31 December 2017: HK\$15,660,000).

Gearing ratio

Gearing ratio is calculated as net debt (borrowings less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interest). As at 31 March 2018 and 31 December 2017, gearing ratio is not applicable to the Group as the Group's bank balance and cash are more than its borrowings.

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 2018.

Dividend

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

Employees Numbers and Remuneration Policy

As at 31 March 2018, the Group had around 230 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 2018 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 2018.

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 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. Pursuant to an ordinary resolution passed by the Company's shareholders at an extraordinary general meeting of the Company held on 8 June 2017, the 10% limit under the Share Option Scheme was refreshed (i.e. 193,441,331 ordinary shares).

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; 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 Company.

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 2018, there was no outstanding share options under the Share Option Scheme.

Details of the share options granted during the period are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Closing price of the share immediately before the date of grant
23 February 2018	N/A	1 year from the date of grant	HK\$0.183	HK\$0.182

The following table discloses the movement of the Company's share options during the 2018 First Quarter:

Date of grant	Exercise price per option HK\$	Exercise period	Number of share options				Balance as at 31 March 2018	
			Balance as at 1 January 2018	Granted during the period	Exercised during the period	Expired / lapsed / cancelled during the period		
Individual	23 February 2018	0.183	1 year from the date of grant	-	20,741,331	(20,741,331)	-	-
Exercisable at the end of the period								-
				HK\$	HK\$	HK\$	HK\$	HK\$
Weighted average exercise price				-	0.183	0.183	-	-

In respect of the share options exercised during the period, the weighted average share price at the date of exercise was HK\$0.185 and the weighted average share price at the date immediately before the exercise was HK\$0.183.

During the 2018 First Quarter, 20,741,331 options were granted on 23 February 2018. The estimated fair value of the options granted on the date was approximately HK\$830,000 and the total amount of which was recognised by the Group for the 2018 First Quarter.

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 2018, 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	Approximate percentage of interest
Mr. Yu Ka Ho	Beneficial owner	256	0.00%

Save as disclosed above, as at 31 March 2018, 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 2018, 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

Name	Capacity / nature of interest	Total number of ordinary shares	Approximate percentage of interest
Wong Ryan Tai Cheong ("Wong TC") (Note 1)	Beneficial owner	24,288,000	1.14%
	Interest of spouse	62,952,000	2.96%
	Interest in controlled corporations	294,871,200	13.86%
Fung Pui Wah ("Fung PW") (Note 2)	Beneficial owner	62,952,000	2.96%
	Interest of spouse	319,159,200	15.00%
KMW Investments Limited ("KMW") (Note 3)	Beneficial owner	254,863,200	11.98%
Wong Man Ho Matthew	Beneficial owner	240,705,184	11.31%
Lee Cheuk Yue	Beneficial owner	238,449,184	11.21%

Notes

1. Wong TC held 294,871,200 shares (the “Shares”) of the Company through KMW (254,863,200 Shares) and Lucky Base Enterprises Limited (“Lucky Base”) (40,008,000 Shares). The entire share capital of both KMW and Lucky Base were held by Wong TC. Wong TC is the spouse of Fung PW. By virtue of SFO, Wong TC is deemed to be interested in all the Shares owned by KMW, Lucky Base and Fung PW.
2. Fung PW is the spouse of Wong TC. By virtue of SFO, Fung PW is interested in all the Shares owned by Wong TC.
3. KMW is a company incorporated in the British Virgin Islands and the entire share capital of KMW is owned by Wong TC.

Save as disclosed above, as at 31 March 2018, 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 2018 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 2018 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 2018 First Quarter or as at 31 March 2018.

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 2018, the Audit Committee consists of three members, namely Mr. Tam Lok Hang, Mr. Kwan Wai Yin, William and Mr. Chu Sin Bun Jacky. Mr. Tam Lok Hang 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, 14 May 2018

As at the date of this report, the Board comprises Mr. Wong Hoi Yu and Mr. Yu Ka Ho as executive Directors, and Mr. Chu Sin Bun Jacky, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang as independent non-executive Directors.