

新煮意控股有限公司  
**Food Idea Holdings Limited**

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

THIRD QUARTERLY  
REPORT

2018

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

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# 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)

## Auditors

Elite Partners 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](http://www.foodidea.com.hk)

## GEM Stock Code

8179

## HIGHLIGHTS

- The Group's revenue for the nine months ended 30 September 2018 increased by approximately 65% to approximately HK\$131,031,000 (2017: HK\$79,601,000).
- Loss attributable to the owners of the Company for the nine months ended 30 September 2018 was approximately HK\$77,278,000 (2017: HK\$55,235,000).
- Basic loss per share for the nine months ended 30 September 2018 was approximately HK3.64 cents (2017: HK3.68 cents).

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2018 (the “Third 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 and nine months ended 30 September 2018

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	50,729	28,787	131,031	79,601
Other income		284	466	791	789
Cost of inventories consumed		(14,001)	(10,457)	(39,608)	(29,675)
Cost of sales		(15,097)	–	(28,723)	–
Employee benefits expenses		(11,729)	(10,468)	(33,600)	(30,454)
Depreciation		(895)	(1,441)	(3,611)	(3,981)
Amortisation		(47)	(47)	(139)	(145)
Other (losses) gain, net	4	(4,633)	6,437	(11,439)	6,437
Operating lease rentals and related expenses		(756)	(611)	(2,497)	(2,609)
Utilities expenses		(216)	(198)	(665)	(599)
Loss on disposal of financial assets at fair value through profit or loss, net		(53,168)	(8,141)	(49,864)	(41,752)
Gain on fair value change of financial assets at fair value through profit or loss, net		49,679	38,225	2,100	20,892
Share option expenses		–	(10,362)	(830)	(10,362)
Other operating expenses		(9,529)	(12,712)	(35,901)	(37,613)
Share of loss of associates		(1,135)	(1,412)	(3,455)	(4,378)
Share of loss of joint ventures		–	–	(89)	–
Finance costs	5	(385)	(30)	(597)	(1,582)
<b>(Loss) profit before tax</b>	6	<b>(10,899)</b>	18,036	<b>(77,096)</b>	(55,431)
Income tax expenses	7	(84)	–	(335)	(43)
<b>(Loss) profit for the period</b>		<b>(10,983)</b>	18,036	<b>(77,431)</b>	(55,474)

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

For the three months and nine months ended 30 September 2018

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Other comprehensive (expenses) income for the period:</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		(7)	2	(7)	7
Share of foreign currency translation reserve of an associate		(2,051)	947	(2,407)	2,479
		(2,058)	949	(2,414)	2,486
<b>Total comprehensive (expenses) income for the period</b>		<b>(13,041)</b>	<b>18,985</b>	<b>(79,845)</b>	<b>(52,988)</b>
<b>(Loss) profit for the period attributable to:</b>					
Owners of the Company		(11,042)	17,867	(77,278)	(55,235)
Non-controlling interests		59	169	(153)	(239)
		(10,983)	18,036	(77,431)	(55,474)
<b>Total comprehensive (expenses) income for the period attributable to:</b>					
Owners of the Company		(13,100)	18,816	(79,692)	(52,749)
Non-controlling interests		59	169	(153)	(239)
		(13,041)	18,985	(79,845)	(52,988)
<b>(Loss) earnings per share</b>					
Basic (HK cents per share)	8	(0.52)	0.86	(3.64)	(3.68)
Diluted (HK cents per share)	8	(0.52)	0.85	(3.64)	(3.68)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2018

Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Share option 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)
<b>Balance at 1 January 2018</b>	<b>21,071</b>	<b>613,622</b>	<b>-</b>	<b>106</b>	<b>(182)</b>	<b>(6,989)</b>	<b>(185,543)</b>	<b>442,085</b>	<b>1,441</b>	<b>443,526</b>
Loss for the period	-	-	-	-	-	-	(77,278)	(77,278)	(153)	(77,431)
Other comprehensive expenses for the period										
Exchange differences on translation of foreign operations	-	-	-	-	-	(7)	-	(7)	-	(7)
Share of foreign currency translation reserve of an associate	-	-	-	-	-	(2,407)	-	(2,407)	-	(2,407)
Total comprehensive expenses for the period	-	-	-	-	-	(2,414)	(77,278)	(79,692)	(153)	(79,845)
Recognition of equity settled share based payment	-	-	830	-	-	-	-	830	-	830
Issue of shares upon exercise of share options	208	4,418	(830)	-	-	-	-	3,796	-	3,796
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(81)	(81)
<b>Balance at 30 September 2018</b>	<b>21,279</b>	<b>618,040</b>	<b>-</b>	<b>106</b>	<b>(182)</b>	<b>(9,403)</b>	<b>(262,821)</b>	<b>367,019</b>	<b>1,207</b>	<b>368,226</b>
<b>Balance at 1 January 2017</b>	<b>7,988</b>	<b>420,936</b>	<b>1,498</b>	<b>106</b>	<b>(182)</b>	<b>(10,760)</b>	<b>(106,126)</b>	<b>313,460</b>	<b>1,620</b>	<b>315,080</b>
Loss for the period	-	-	-	-	-	-	(55,235)	(55,235)	(239)	(55,474)
Other comprehensive income for the period										
Exchange differences on translation of foreign operations	-	-	-	-	-	7	-	7	-	7
Share of foreign currency translation reserve of an associate	-	-	-	-	-	2,479	-	2,479	-	2,479
Total comprehensive income (expenses) for the period	-	-	-	-	-	2,486	(55,235)	(52,749)	(239)	(52,988)
Grant of share options	-	-	10,362	-	-	-	-	10,362	-	10,362
Issue of new shares	11,181	146,007	-	-	-	-	-	157,188	-	157,188
Transaction costs attributable to the issue of new shares	-	(1,882)	-	-	-	-	-	(1,882)	-	(1,882)
Issue of shares upon exercise of share options	1,902	48,560	(11,860)	-	-	-	-	38,602	-	38,602
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	5	5
<b>Balance at 30 September 2017</b>	<b>21,071</b>	<b>613,621</b>	<b>-</b>	<b>106</b>	<b>(182)</b>	<b>(8,274)</b>	<b>(161,361)</b>	<b>464,981</b>	<b>1,386</b>	<b>466,367</b>

## Notes:

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

# NOTES TO THE THIRD QUARTERLY FINANCIAL STATEMENTS

*For the nine months ended 30 September 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 the GEM of the Stock Exchange since 8 July 2011. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is Room A, 6/F., CNT Tower, 338 Hennessy Road, Wan Chai, Hong Kong.

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

## 2. BASIS OF PREPARATION

The Third Quarterly Financial Statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Third Quarterly Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 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 Third Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2017 Annual Report.

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

### 3. SEGMENT INFORMATION

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

Specifically, the Group’s reportable and operating segments 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 barbecued food and Taiwanese Lou Mei.
- (iii) Investments – Investment in securities.
- (iv) Money lending – The provision of money lending business.
- (v) Wine trading – The trading of wine.

#### **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 financial assets at fair value through profit or loss (“FVTPL”) (for segment turnover only), dividend income and interest income from both the financial assets at FVTPL and the provision of money lending business and trading of wine.

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 other income, certain amounts included in other (losses) gain, net, central administrative costs, share option expenses, share of results from associates / joint ventures and finance costs. This is the measure reported to CODM for purposes of resource allocation and performance assessments.

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

For the nine months ended 30 September 2018 (the "2018 Period")

	Catering services HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Wine trading HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
SEGMENT TURNOVER	-	93,079	55,331	6,040	31,883	-	186,333
SEGMENT REVENUE							
External sales	-	93,079	29	6,040	31,883	-	131,031
RESULTS							
Segment results	(190)	213	(47,735)	9,412	2,372	-	(35,928)
Unallocated income	-	-	-	-	-	1,956	1,956
Unallocated corporate expenses	-	-	-	-	-	(38,153)	(38,153)
Share option expenses	-	-	-	-	-	(830)	(830)
Share of loss of associates	(3,455)	-	-	-	-	-	(3,455)
Share of loss of joint ventures	-	-	-	-	-	(89)	(89)
Finance costs	-	-	-	-	-	(597)	(597)
Loss before tax							(77,096)

For the nine months ended 30 September 2017 (the "2017 Period")

	Catering services HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
SEGMENT TURNOVER	-	70,774	65,277	8,742	-	(110)	144,683
SEGMENT REVENUE							
External sales	-	70,774	195	8,632	-	-	79,601
inter-segment sales	-	-	-	110	-	(110)	-
Total	-	70,774	195	8,742	-	(110)	79,601
RESULTS							
Segment results	(379)	506	(20,665)	7,598	-	-	(12,940)
Unallocated income	-	-	-	-	7,226	-	7,226
Unallocated corporate expenses	-	-	-	-	(33,395)	-	(33,395)
Share option expenses	-	-	-	-	(10,362)	-	(10,362)
Share of loss of associates	(4,378)	-	-	-	-	-	(4,378)
Finance costs	-	-	-	-	(1,582)	-	(1,582)
Loss before tax							(55,431)

### Geographical information

The Group's operations are located in Hong Kong (country of domicile), the People's Republic of China ("PRC") and Singapore.

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

The operation in Singapore has not yet commenced and all revenue from external customers of the Group are derived in Hong Kong for the 2018 Period and 2017 Period.

### Information about major customers

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

#### 4. OTHER (LOSSES) GAIN, NET

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Reversal of provision for impairment on loan and interest receivables	–	–	4,000	–
Gain on disposal of subsidiaries	627	6,437	1,109	6,437
Written off of property, plant and equipment	(6,013)	–	(6,185)	–
Reversal (provision) for impairment on the amounts due from a joint venture	753	–	(10,419)	–
Others	–	–	56	–
	<b>(4,633)</b>	<b>6,437</b>	<b>(11,439)</b>	<b>6,437</b>

#### 5. FINANCE COSTS

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Interests on borrowings	114	30	326	164
Promissory note	271	–	271	1,418
	<b>385</b>	<b>30</b>	<b>597</b>	<b>1,582</b>

**6. (LOSS) PROFIT BEFORE TAX**

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
(Loss) profit before tax has been arrived at after charging the following:				
Operating lease rentals in respect of rented premises	688	535	2,287	2,376

**7. INCOME TAX EXPENSES**

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current income tax	84	–	335	181
Deferred income tax	–	–	–	(138)
	84	–	335	43

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

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

## 8. (LOSS) EARNINGS PER SHARE

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>(Loss) earnings</b>				
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share, being (loss) profit for the period attributable to the owners of the Company	(11,042)	17,867	(77,278)	(55,235)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	2,127,855,000	2,087,148,000	2,123,448,000	1,499,882,000
Effect of dilutive ordinary shares: Share options granted on 4 July 2017	–	3,095,000	–	–
	<b>2,127,855,000</b>	<b>2,090,243,000</b>	<b>2,123,448,000</b>	<b>1,499,882,000</b>

Diluted loss per share for the 2018 Period and 2017 Period 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.

Diluted loss per share for the three months ended 30 September 2018 was the same as the basic loss per share as there was no dilutive potential ordinary shares outstanding.

The weighted average number of ordinary shares for the basic and diluted loss per share for the 2017 Period was adjusted by the bonus element in the rights issue completed on 23 May 2017.

## 9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the 2018 Period and 2017 Period.

## 10. EVENT AFTER THE END OF THE REPORTING PERIOD

On 22 October 2018, the Company entered into a conditional agreement with an independent third party for the acquisition of a wine products trading group at the consideration of HK\$76,000,000. Details of the acquisition were set out in the Company's announcement dated 22 October 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's third quarterly results for the 2018 Period.

### **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; (iv) money lending business; and (v) wine trading.

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

For the 2018 Period, the food products operation recorded an increment in revenue of around 32% to approximately HK\$93.08 million when compared with approximately HK\$70.77 million for the 2017 Period.

Although the revenue of the food products operation recorded a rise of approximately 32% for the 2018 Period, the effect was counteracted by the rise in the food cost, staff cost and other operating costs. As a result, the segment profit dropped from approximately HK\$0.51 million for the 2017 Period to approximately HK\$0.21 million for the 2018 Period.

## Securities Investment Business

As at 30 September 2018, the Group had a portfolio of securities investment classified as financial assets at FVTPL of approximately HK\$5.18 million (31 December 2017: HK\$80.30 million) and all of them were equity securities / fund listed in Hong Kong. For the 2018 Period, the Group recorded a unrealised gain of HK\$2.10 million (2017: HK\$20.89 million) and a net realised loss of approximately HK\$49.86 million (2017: HK\$41.75 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 1 January 2018	% to the interest in the respective investments as at 1 January 2018	Movement for the nine months ended 30 September 2018			Fair value as at 30 September 2018 HK\$'000	% to the total assets of the Group as at 30 September 2018	% to the interest in the respective investments as at 30 September 2018	Gain / (loss) on disposal HK\$'000
			Fair value as at 1 January 2018 HK\$'000	Addition / (disposal), net HK\$'000	Change on fair value, net HK\$'000				
<b>Equity securities listed in Hong Kong</b>									
Cool Link (Holdings) Limited (8491)	0.28%	0.75%	1,350	1,725	2,100	5,175	0.97%	0.96%	188
In Technical Productions Holdings Limited (8446)	11.58%	1.13%	54,961	(54,961)	-	-	N/A	N/A	(53,168)
My Heart Bodiva Group Limited (8297)	1.29%	5.00%	6,119	(6,119)	-	-	N/A	N/A	(1,692)
L & A International Holdings Limited (8195)	0.61%	4.88%	2,873	(2,873)	-	-	N/A	N/A	459
China Life Insurance Company Limited									
- H Shares (2628)	0.52%	0.00%	2,455	(2,455)	-	-	N/A	N/A	(305)
Hong Kong Exchanges and Clearing Limited (388)	0.51%	0.00%	2,398	(2,398)	-	-	N/A	N/A	41
Beaver Group (Holding) Company Limited (8275)	0.49%	0.58%	2,310	(2,310)	-	-	N/A	N/A	3,692
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	(1,521)	-	-	N/A	N/A	48
Stau Holdings Limited (8392)	0.19%	0.27%	887	(887)	-	-	N/A	N/A	40
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	(201)	-	-	N/A	N/A	(6)
BIOC Hong Kong (Holdings) Limited (2388)	N/A	N/A	-	-	-	-	N/A	N/A	(85)
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	-	-	-	-	N/A	N/A	146
Galaxy Entertainment Group Limited (27)	N/A	N/A	-	-	-	-	N/A	N/A	251
			77,935	(74,860)	2,100	5,175			(49,890)
<b>Fund listed in Hong Kong</b>									
Hang Seng China Enterprises Index ETF (2828)	0.50%	0.01%	2,364	(2,364)	-	-	N/A	N/A	126
<b>Total</b>			<b>80,299</b>	<b>(77,224)</b>	<b>2,100</b>	<b>5,175</b>			<b>(49,864)</b>

## ***Money Lending Business***

The Group's money lending business maintained a stable performance. During the 2018 Period, it generated interest income of approximately HK\$6.04 million (2017: HK\$8.63 million). Attributable to a reversal of provision for impairment on loan and interest receivables of HK\$4 million during the 2018 Period, the Group recorded an increase in segment profit to approximately HK\$9.41 million (2017: HK\$7.60 million).

As at 30 September 2018, an aggregate loan of approximately HK\$560.75 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. As at 30 September 2018, the outstanding loan receivables of the Group amounted to approximately HK\$77.29 million (31 December 2017: HK\$188.89 million).

## ***Wine Trading***

Wine industry in Hong Kong has been developed for years. With the help of the removal of all wine duties by the Hong Kong government in 2008 and the support of a significant pool of experienced wine merchants with good wine knowledge and international trade experience, Hong Kong has further developed into a wine trading and distribution centre for the region. According to the Hong Kong Trade Development Council Research Report on 4 September 2017, which provided statistical data for the previous year of 2017, and data from Euromonitor International, in January to June 2017, wine sales in Hong Kong amounted to United States Dollars 1,543 million or 33.8 million liters in 2016, up 6.5% and 3.1%, respectively, per annum in the past five years. For 2016 to 2021, it is forecasted to grow 9.8% per annum in value terms and 5.4% per annum in volume terms.

The Group has expanded its business to wine trading with an aim to take advantage of the steady growth of the wine industry. The Board believes the development of 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.

On 22 October 2018, the Group entered into a conditional agreement with an independent third party for the acquisition of a wine products trading group. Details of the acquisition were set out in the Company's announcement dated 22 October 2018.

The Group's wine are mainly from various reputable vineyard and winery from Australia, with a focus on the red wine as the major product. During the 2018 Period, the wine trading operation has achieved positive results and recorded revenue of approximately HK\$31.88 million with a segment profit of approximately HK\$2.37 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 focused on developing its restaurant network through local business partners in the PRC, instead of operating its self-owned restaurant.

As at 30 September 2018, the Lucky Dessert Group had six (31 December 2017: six) dessert catering restaurants which were operated by local business partners in Tianjin, Taiyuan, Nanjing and Shenzhen. The management reckons that "Lucky Dessert" possesses the distinctive attributes to be a competitive brand in the PRC's causal catering industry.

The Group has 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 touristy area for pubs and bars. The bar restaurant provided live music, a dance floor, beer pong arcade machines supplemented by light food and both alcoholic and non-alcoholic beverages. The restaurant has a total saleable area of approximately 700 square meters and a maximum capacity of approximately 200 guests on a single occasion.

The bar business has accumulated operating losses amounted to approximately HK\$4 million since operation. It underperformed the Group's expectation mainly because (i) the weak customer sentiment; (ii) the beer pong theme was not able to attract sufficient customer base; and (iii) fierce competition from other bars and night entertainment. The bar restaurant has tried various measures to improve the performance, including but not limited to lower the prices for food and beverages, arrange various promotion offers, changing from employing full time to part-time staff etc. However, the customers spending and the customer flow has been sluggish during the 2018 Period.

Up to 30 September 2018, the Group has injected funds of more than HK\$10 million to the bar restaurant, in which the leasehold improvements, rental deposits, and initial set up costs accounted for approximately 38%, 9% and 28% respectively. With the deteriorating business performance, the joint venture closed the bar operation in July 2018 in order to cut losses. Considered the accumulated losses incurred and the recoverability of such costs is remote, an impairment loss of approximately HK\$10.42 million has been recognised by the Group for the amounts due from a joint venture for the 2018 Period.

## Financial Review

During the 2018 Period, the Group's revenue amounted to approximately HK\$131.03 million which was approximately 65% higher than that of the last corresponding period. The increment was mainly due to the introduction of wine trading operation; and (ii) the increase in the revenue from the food products operation.

Loss attributable to the owners of the Company was approximately HK\$77.28 million for the 2018 Period, a deterioration of approximately 40% as compared to the 2017 Period. The increase in the loss was mainly due to (i) the increment of loss of approximately HK\$27.07 million in investments segment for the 2018 Period; (ii) the drop in the gain of disposal of subsidiaries from approximately HK\$6.44 million (included in other (losses) gain, net) for the 2017 Period to approximately HK\$1.11 million for the 2018 Period; and (iii) the rise in unallocated expenses from approximately HK\$33.40 million for the 2017 Period to HK\$38.16 million (including provision for impairment on the amounts due from a joint venture of approximately HK\$10.42 million and written off of property, plant and equipment of approximately HK\$6.19 million) for the 2018 Period. However, part of the above effects were counteracted by the positive impacts from (i) the decrease in the share options expenses of approximately HK\$9.53 million for the 2018 Period; (ii) the contributions from the newly introduced wine trading business of approximately HK\$2.37 million for the 2018 Period; and (iii) the increment in segment profit in the money lending business of approximately HK\$1.81 million (including a reversal of provision for impairment on loan and interest receivables of HK\$4 million) for the 2018 Period.

The cost of inventories consumed and cost of sales for the 2018 Period amounted to approximately HK\$39.61 million and HK\$28.72 million respectively (2017: HK\$29.68 million and nil). The cost of inventories consumed and cost of sales were approximately 43% and 90% respectively (2017: 42% and nil) of the Group's revenue on food products operation and wine trading operation during the 2018 Period. The Group will keep the strategy on bulk purchases from suppliers in order to enjoy a larger discount.

Employee benefits expenses for the 2018 Period amounted to approximately HK\$33.60 million (2017: HK\$30.45 million). The increase was mainly due to the development of the Group's business and the wage adjustments to retain experienced staff under the inflationary environment during the 2018 Period. 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 Group has expanded its business to wine trading recently. With positive results, 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.

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.

## **Liquidity, Financial and Capital Resources**

### ***Cash position***

As at 30 September 2018, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$3.83 million (31 December 2017: approximately HK\$37.13 million).

## ***Borrowings***

As at 30 September 2018, the carrying amount of the Group's borrowings (including the promissory notes of approximately HK\$104.10 million) was approximately HK\$125.34 million (31 December 2017: approximately HK\$15.66 million).

## **Pledge of Assets**

As at 30 September 2018, the Group's investment properties and certain property, plant and equipments, with an aggregate net carrying value of approximately HK\$38.32 million were pledged to secure the Group's borrowings.

## **Gearing ratio**

Gearing ratio is calculated as net debt (borrowings and promissory notes less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interests). As at 30 September 2018, the gearing ratio was approximately 24.87%.

As at 31 December 2017, gearing ratio was not applicable to the Group since the Group's bank balances and cash was more than its borrowings.

## **Contingent Liabilities**

Save as disclosed elsewhere in the Third Quarterly Financial Statements, there were no other significant contingent liabilities of the Group as at 30 September 2018.

## **Dividend**

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

## **Employees Numbers and Remuneration Policy**

As at 30 September 2018, the Group had over 250 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**

During the 2018 Period, the Group disposed of three wholly-owned subsidiaries with net asset values of approximately HK\$3.10 million, HK\$1.34 million and HK\$0.37 million respectively to independent third parties. Gain on disposal of subsidiaries of approximately HK\$0.11 million, HK\$0.16 million and HK\$0.63 million were recorded respectively by the Group for the said disposals.

During the 2018 Period, the Group disposed of 30% equity interest of a wholly-owned subsidiary with net liabilities of approximately HK\$0.27 million to independent third parties and a non-controlling shareholder and director of a subsidiary. Gain on disposal of the respective subsidiary of approximately HK\$0.22 million was recorded by the Group.

Saved as the above, the disposal of financial assets at FVTPL and others disclosed elsewhere in this report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the 2018 Period.

Saved as the proposed acquisition of a wine products trading group and as disclosed elsewhere in this report, there were no plans for material investments or capital assets as at 30 September 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 share 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 share 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 annual general meeting of the Company held on 8 June 2018, the 10% limit under the Share Option Scheme was refreshed (i.e. 212,785,464 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 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 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 30 September 2018, there were no outstanding share options under the Share Option Scheme.

Details of the share options granted during the 2018 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 movements of the Company's share options held by the Directors, employees and other individuals for the 2018 Period:

Date of grant	Exercise price per option HK\$	Exercise period	Number of share options					
			Balance as at 1 January 2018	Granted during the period	Exercised during the period	Expired / lapsed / cancelled during the period	Balance as at 30 September 2018	
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 2018 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 Period, 20,741,331 options were granted on 23 February 2018. The estimated fair value of the options granted on the date was approximately HK\$0.83 million.

The fair value was calculated by using the Binomial model. The inputs into the model were as follows:

	<b>2018</b>
Closing share price at the date of grant	<b>HK\$0.183</b>
Exercise price	<b>HK\$0.183</b>
Expected volatility	<b>61%</b>
Expected life	<b>1 year</b>
Risk-free rate	<b>0.79%</b>
Expected dividend yield	<b>0%</b>

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of approximately HK\$0.83 million for the 2018 Period in relation to share options granted by the Company.

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

As at 30 September 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

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

Name of Director	Capacity / nature of interest	Total number of ordinary shares	Approximate percentage of interest
Mr. Yu Ka Ho	Beneficial owner	256	0.0%

Saved as disclosed above, as at 30 September 2018, none of the Directors and the chief executives of the Company had or was 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 were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the 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 30 September 2018, other than the Directors and chief executives of the Company whose interests and 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 who had, or deemed to have interest or short position in the shares or underlying shares of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who was expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

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

Name	Capacity / nature of interest	Total number of ordinary shares	Approximate percentage of interest
Wong Ryan Tai Cheong ("Wong TC") (Note)	Interest in controlled corporation	254,863,200	11.98%
KMW Investments Limited ("KMW") (Note)	Beneficial owner	254,863,200	11.98%
Lee Cheuk Yue	Beneficial owner	186,357,184	8.76%
Wong Man Ho Matthew	Beneficial owner	169,401,184	7.96%

*Note:*

Wong TC held 254,863,200 shares of the Company ("Shares") through KMW. The entire share capital of KMW was held by Wong TC. By virtue of SFO, Wong TC is deemed to be interested in all the Shares owned by KMW.

Saved as disclosed above, as at 30 September 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 was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

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

Other than as disclosed under the sections “Share Option Scheme” and “Directors’ and chief 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 Period 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 Company’s shares during the 2018 Period.

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

None of the Directors or their respective associates were interested in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group or had any other conflicts with the Group during the 2018 Period or as at 30 September 2018.

## AUDIT COMMITTEE

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

As at 30 September 2018, the Audit Committee consists of three independent non-executive Directors, namely Mr. Chu Sin Bun Jacky, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang. Mr. Tam Lok Hang is the chairman of the Audit Committee.

The Audit Committee had reviewed the Third Quarterly Financial Statements for the 2018 Period and is of the opinion that the preparation of such statements comply with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 13 November 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.*