

新煮意控股有限公司
FOOD IDEA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8179)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

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

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

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

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

HIGHLIGHTS

- The Group's revenue from continuing operations for the six months ended 30 June 2016 increased by approximately 18% to approximately HK\$50,496,000 (2015 (restated): HK\$42,962,000).
- Loss attributable to the owners of the Company for the six months ended 30 June 2016 was approximately HK\$66,893,000 (profit attributable to the owners of the Company for the six months ended 30 June 2015: HK\$125,588,000).
- Basic loss per share for the six months ended 30 June 2016 was approximately HK10.25 cents (basic earnings per share for the six months ended 30 June 2015 (restated): HK35.35 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 six months ended 30 June 2016 (the “Interim Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2015, as follows:

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

For the three months and six months ended 30 June 2016

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Continuing operations					
Revenue	4	24,353	22,104	50,496	42,962
Other income		83	–	115	33
Cost of inventories consumed		(9,102)	(10,132)	(18,958)	(18,951)
Employee benefits expenses		(7,684)	(6,919)	(15,946)	(13,546)
Depreciation		(861)	(566)	(1,698)	(1,110)
Amortisation		(45)	–	(90)	–
Operating lease rentals and related expenses		(1,217)	(126)	(2,458)	(252)
Utilities expenses		(267)	(155)	(500)	(316)
(Loss) gain on fair value change of financial assets at fair value through profit or loss		(99,481)	157,035	(45,016)	142,970
Change in fair value of contingent consideration payable		–	(836)	(1,220)	(836)
Other operating expenses		(13,223)	(7,044)	(22,782)	(12,949)
Share of (loss) profit of an associate		(2,044)	13,895	(3,652)	13,895
Finance costs		(1,682)	(142)	(1,856)	(293)
(Loss) profit before tax from continuing operations		(111,170)	167,114	(63,565)	151,607
Income tax credit (expenses)	5	15,138	(25,907)	4,451	(23,586)
(Loss) profit for the period from continuing operations		(96,032)	141,207	(59,114)	128,021
Discontinued operation					
Loss for the period from a discontinued operation	13	(5,893)	(8,098)	(7,583)	(3,056)
(Loss) profit for the period		(101,925)	133,109	(66,697)	124,965

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

For the three months and six months ended 30 June 2016

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Other comprehensive (expenses) income for the period:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations		(16)	(1)	(10)	1
Share of foreign currency translation reserve of an associate		(2,445)	–	(1,785)	–
		<u>(2,461)</u>	<u>(1)</u>	<u>(1,795)</u>	<u>1</u>
Total comprehensive (expenses) income for the period		<u>(104,386)</u>	<u>133,108</u>	<u>(68,492)</u>	<u>124,966</u>
(Loss) profit for the period attributable to:					
Owners of the Company					
– continuing operations		(96,176)	141,577	(59,443)	128,427
– discontinued operation	13	(5,797)	(7,711)	(7,450)	(2,839)
		<u>(101,973)</u>	<u>133,866</u>	<u>(66,893)</u>	<u>125,588</u>
Non-controlling interests					
– continuing operations		144	(370)	329	(406)
– discontinued operation	13	(96)	(387)	(133)	(217)
		<u>48</u>	<u>(757)</u>	<u>196</u>	<u>(623)</u>
		<u>(101,925)</u>	<u>133,109</u>	<u>(66,697)</u>	<u>124,965</u>
Total comprehensive (expenses) income for the period attributable to:					
Owners of the Company					
– continuing operations		(98,637)	141,576	(61,238)	128,428
– discontinued operation		(5,797)	(7,711)	(7,450)	(2,839)
		<u>(104,434)</u>	<u>133,865</u>	<u>(68,688)</u>	<u>125,589</u>
Non-controlling interests					
– continuing operations		144	(370)	329	(406)
– discontinued operation		(96)	(387)	(133)	(217)
		<u>48</u>	<u>(757)</u>	<u>196</u>	<u>(623)</u>
		<u>(104,386)</u>	<u>133,108</u>	<u>(68,492)</u>	<u>124,966</u>
(Loss) earnings per share					
From continuing and discontinued operations					
Basic and diluted (HK cents per share)	6	<u>(15.62)</u>	<u>35.73</u>	<u>(10.25)</u>	<u>35.35</u>
From continuing operations					
Basic and diluted (HK cents per share)	6	<u>(14.73)</u>	<u>37.79</u>	<u>(9.11)</u>	<u>36.15</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2016

		As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		17,067	39,387
Goodwill		6,186	6,186
Intangible asset		4,546	4,636
Interest in an associate		92,390	97,827
Available-for-sale investment		1,000	2
Rental deposits		314	7,703
Deposits paid for acquisition of property, plant and equipment		5,455	3,387
Deferred tax assets		292	3,102
Loan to an associate		–	2,959
Loan receivables	8	56,500	56,500
		<u>183,750</u>	<u>221,689</u>
Current assets			
Inventories		273	8,215
Loan and interest receivables	8	89,590	73,187
Trade receivables	9	7,493	9,112
Loan to an associate		3,084	–
Amount due from an associate		33	29
Prepayments, deposits and other receivables		1,675	17,163
Income tax recoverable		181	3,034
Financial assets at fair value through profit or loss	10	349,085	422,569
Pledged bank deposits		2,012	3,531
Bank balances and cash		24,313	96,654
		<u>477,739</u>	<u>633,494</u>
Assets of a disposal group classified as held for sale	13	158,570	–
Total current assets		<u>636,309</u>	<u>633,494</u>

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

As at 30 June 2016

	<i>Notes</i>	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Current liabilities			
Trade payables	<i>11</i>	4,002	15,481
Other payables, accruals and deposits received		10,601	38,082
Provision for reinstatement costs		–	762
Income tax payable		344	362
Borrowings	<i>12</i>	34,695	35,769
		49,642	90,456
Liabilities of a disposal group classified as held for sale	<i>13</i>	79,455	–
Total current liabilities		129,097	90,456
Net current assets		507,212	543,038
Total assets less current liabilities		690,962	764,727
Non-current liabilities			
Contingent consideration payable		–	94,780
Promissory note		97,440	–
Provision for reinstatement costs		–	3,321
Deferred tax liabilities		35,615	40,227
		133,055	138,328
		557,907	626,399
Capital and reserves			
Share capital		6,528	6,528
Reserves		548,746	617,434
Equity attributable to owners of the Company		555,274	623,962
Non-controlling interests		2,633	2,437
		557,907	626,399

NOTES

For the six months ended 30 June 2016

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 Shop 46, G/F., Ho Shun Tai Building, No. 10 Sai Ching Street, Yuen Long, New Territories, Hong Kong.

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

2. BASIS OF PREPARATION

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

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRS(s)"). The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual report for the year ended 31 December 2015.

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

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted the following new and revised HKFRSs, which are effective for the Group's accounting period beginning on or after 1 January 2016.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidated Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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

4. SEGMENT INFORMATION

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

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

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

The chinese restaurant operation in Hong Kong has been reclassified as discontinued operation for the six months ended 30 June 2016, details of which are given in Note 13.

Segment turnover and results

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

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

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

	Catering services <i>HK\$'000</i> (Unaudited)	Food products operation <i>HK\$'000</i> (Unaudited)	Investments <i>HK\$'000</i> (Unaudited)	Money lending business <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Continuing operations					
For the six months ended 30 June 2015 (restated)					
SEGMENT TURNOVER AND REVENUE	<u>-</u>	<u>42,810</u>	<u>-</u>	<u>152</u>	<u>42,962</u>
RESULTS					
Segment results	-	(561)	142,970	(321)	142,088
Unallocated income					33
Unallocated corporate expenses					(3,280)
Change in fair value of contingent consideration payable					(836)
Share of profit of an associate	13,895	-	-	-	13,895
Finance costs					(293)
Profit before tax					<u>151,607</u>

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

5. INCOME TAX CREDIT (EXPENSES)

	For the three months ended 30 June		For the six months ended 30 June	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited) (Restated)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited) (Restated)
Continuing operations:				
Current income tax	(70)	(7)	(161)	(131)
Deferred income tax	<u>15,208</u>	<u>(25,900)</u>	<u>4,612</u>	<u>(23,455)</u>
	<u>15,138</u>	<u>(25,907)</u>	<u>4,451</u>	<u>(23,586)</u>

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

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

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

6. (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 June		For the six months ended 30 June	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
(Loss) earnings				
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share, being (loss) profit for the period attributable to the owners of the Company				
– From continuing operations	(96,176)	141,577	(59,443)	128,427
– From discontinued operation	(5,797)	(7,711)	(7,450)	(2,839)
	<u>(101,973)</u>	<u>133,866</u>	<u>(66,893)</u>	<u>125,588</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>652,800,000</u>	<u>374,668,000</u>	<u>652,800,000</u>	<u>355,284,000</u>

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

Diluted (loss) earnings per share for the three months and six months ended 30 June 2016 and 2015 are the same as the basic (loss) earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

7. DIVIDEND

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
Dividend	<u>–</u>	<u>–</u>	<u>–</u>	<u>900</u>

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

8. LOAN AND INTEREST RECEIVABLES

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Fixed-rate loan receivables	144,419	128,178
Interest receivables	<u>1,671</u>	<u>1,509</u>
	<u>146,090</u>	<u>129,687</u>
Loan and interest receivables analysed for reporting purpose as:		
Non-current asset	56,500	56,500
Current asset	<u>89,590</u>	<u>73,187</u>
	<u>146,090</u>	<u>129,687</u>

9. TRADE RECEIVABLES

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

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Within 30 days and neither past due nor impaired	7,493	9,110
1 – 30 days	<u>–</u>	<u>2</u>
	<u>7,493</u>	<u>9,112</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Unlisted investments		
– Unlisted funds	36,888	45,992
Listed investments		
– Equity securities listed in Hong Kong	312,197	359,787
– Debt securities	–	12,511
– Funds listed in Hong Kong	–	4,279
	<u>349,085</u>	<u>422,569</u>

As at 30 June 2016, the carrying amount of financial assets at FVTPL which have been pledged as security for the Group's borrowings is approximately HK\$71,896,000 (2015: HK\$55,357,000). Details of borrowings are set out in Note 12.

11. TRADE PAYABLES

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

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Within 30 days	2,962	12,171
31 – 60 days	1,037	3,259
61 – 90 days	3	20
Over 90 days	–	31
	<u>4,002</u>	<u>15,481</u>

12. BORROWINGS

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Mortgage loan, repayable on demand	1,717	1,858
Installment loan, repayable on demand	667	1,166
Bank loans	30,415	30,848
Bank overdrafts	496	497
	<u>33,295</u>	<u>34,369</u>
Unsecured other borrowing	1,400	1,400
	<u>34,695</u>	<u>35,769</u>

The facility agreements of mortgage loan and instalment loan contain repayment on demand clauses pursuant to which the banks can at their discretion demand repayment of the entire outstanding balances from the Group in the absence of any defaults.

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

	As at 30 June 2016 <i>HK\$'000</i> (Unaudited)	As at 31 December 2015 <i>HK\$'000</i> (Audited)
Within one year	33,267	34,029
After one year but within two years	299	461
After two years but within five years	964	944
More than five years	165	335
	<u>34,695</u>	<u>35,769</u>

As at 30 June 2016 and 31 December 2015, the Group had aggregate banking facilities of approximately HK\$47,896,000 and HK\$48,510,000 respectively for loans and other facilities (including letter of guarantee). Unused facilities as at the same dates amounted to approximately HK\$11,732,000 and HK\$11,299,000 respectively. These facilities were secured by:

- (a) The Group's pledged bank deposits amounting to HK\$2,012,000 (31 December 2015: HK\$3,531,000) as at 30 June 2016;
- (b) The Group's financial assets at FVTPL amounting to approximately HK\$71,896,000 (31 December 2015: HK\$55,357,000) as at 30 June 2016;
- (c) Leasehold land and building with a carrying amount of HK\$5,490,000 (31 December 2015: HK\$5,564,000) as at 30 June 2016;
- (d) Guarantee from Hong Kong Mortgage Corporation Limited and the government of Hong Kong Special Administrative Region; and
- (e) Unlimited guarantees from a non-controlling shareholder and director of a subsidiary.

In additions, certain business credit cards were guaranteed by Mr. Wong Kwan Mo and Ms Lau Lan Ying, the executive Directors and a non-controlling interest, to the extent of HK\$136,000 (2015: HK\$136,000) in aggregate.

13. DISCONTINUED OPERATION

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

The Disposal was completed on 1 August 2016.

Upon completion, the Company will not hold any interest in the existing Chinese restaurant operation under GR Holdings and its subsidiaries (the "Disposal Group"). Details of the Disposal and the financial effect are set out in the Company's announcements dated 10 March 2016, 22 April 2016, 6 May 2016, 27 June 2016, 3 August 2016 and the circular dated 19 May 2016.

The results of the Disposal Group for the three months and six months ended are as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Revenue	68,338	86,009	162,371	195,520
Other income	225	165	397	234
Cost of inventories consumed	(20,027)	(23,324)	(45,154)	(56,275)
Employee benefits expenses	(26,962)	(32,229)	(61,166)	(69,325)
Depreciation	(3,311)	(6,415)	(6,850)	(11,307)
Operating lease rentals and related expenses	(11,755)	(12,114)	(23,711)	(24,005)
Utilities expenses	(5,987)	(6,935)	(12,011)	(13,923)
Impairment losses of property, plant and equipment	–	–	(2,731)	–
(Loss) gain on disposal of financial assets at FVTPL	(12)	20	(12)	20
Loss on fair value change of financial assets at FVTPL	(757)	(793)	(3,518)	(793)
Other operating expenses	(5,818)	(11,820)	(14,447)	(21,056)
Finance costs	(46)	(50)	(99)	(101)
Loss before tax	(6,112)	(7,486)	(6,931)	(1,011)
Income tax credit (expenses)	219	(612)	(652)	(2,045)
Loss for the period	<u>(5,893)</u>	<u>(8,098)</u>	<u>(7,583)</u>	<u>(3,056)</u>
Loss for the period attributable to:				
Owners of the Company	(5,797)	(7,711)	(7,450)	(2,839)
Non-controlling interests	(96)	(387)	(133)	(217)
	<u>(5,893)</u>	<u>(8,098)</u>	<u>(7,583)</u>	<u>(3,056)</u>
Loss per share:				
Basic and diluted (<i>HK cents per share</i>)	<u>(0.89)</u>	<u>(2.06)</u>	<u>(1.14)</u>	<u>(0.8)</u>

In addition, according to the agreement, the Company will also dispose of all the liabilities, obligations and indebtedness due by GR Holdings to the Group. As at 30 June 2016, the carrying value of the amount due by GR Holdings to the Group is HK\$44,653,900.

	As at 30 June 2016 HK\$'000 (Unaudited)
Amount due by GR Holdings to the Group	44,653
Assets of the Disposal Group	113,917
	<hr/>
Assets of a disposal group classified as held for sale on condensed consolidated statement of financial position	158,570
	<hr/> <hr/>
Liabilities of a disposal group classified as held for sale on condensed consolidated statement of financial position	79,455
	<hr/> <hr/>

14. COMMITMENTS

(a) Capital commitments

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided (including continuing operations and discontinued operation)	3,233	538
	<hr/> <hr/>	<hr/> <hr/>

(b) Operating lease commitments

As lessee

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

At the end of the reporting period, the Group, including continuing operations and discontinued operation, had committed for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 June 2016 HK\$'000 (Unaudited)	As at 31 December 2015 HK\$'000 (Audited)
Within one year	36,839	41,146
In the second to fifth years inclusive	36,055	39,810
Over five years	6,700	6,700
	79,594	87,656

15. EVENTS AFTER THE REPORTING PERIOD

On 6 July 2016, the Group disposed of its financial assets at FVTPL which were more vulnerable to the market to maintain a healthy and balanced securities investment portfolio of the Group. The gross sale proceeds was approximately HK\$12.3 million (excluding transaction costs) and the Group expected to record a substantial realised loss of approximately HK\$261.6 million for the nine months ended 30 September 2016. Details of the disposal are disclosed in the Company's announcements dated 6 July 2016 and 8 July 2016.

On 29 July 2016, the Company entered into a placing agreement with a placing agent for the placing of 130,560,000 new ordinary shares of the Company at a price of HK\$0.153 per share. The net proceeds, after deduction of the placing commission and other related expenses of approximately HK\$0.4 million, were approximately HK\$19.58 million. The placing was completed on 11 August 2016. Details of the placing are set out in the Company's announcements dated 29 July 2016 and 11 August 2016.

On 5 August 2016, the Group entered into a loan agreement with two borrowers a loan of HK\$25 million, bearing an interest rate of 5% per annum for a period from 5 August 2016 ending on the 31 December 2016. Details of the loan are set out in the Company's announcement dated 5 August 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's interim results for the six months ended 30 June 2016.

Business Review

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

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

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

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

Remaining business of the Group after the Disposal

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

Food products operation

The food products operation represents the production, sales and distribution of food products, such as barbecued food and Taiwanese Lou Mei, to major supermarket chains. The Group operates a food processing factory in Tsuen Wan and over 60 concessionaire stores in Hong Kong. The food products operation establishes an extensive sales and distribution network. The Group can reach out to large amount of customers in local supermarkets and achieve economies of scale through the bulk purchases from the suppliers.

During the six months ended 30 June 2016, the food products operation generated revenue of approximately HK\$45,031,000, which was risen by approximately 5.2% as compared with last correspondence period. A segment profit of approximately HK\$1,374,000 was recorded for the six months ended 30 June 2016 (2015: loss of approximately HK\$561,000).

Securities investment business

As at 30 June 2016, the Group had a portfolio of securities investment of approximately HK\$377,576,000 (HK\$349,085,000 from continuing operations and HK\$28,491,000 from discontinued operation) and approximately HK\$318,334,000 (HK\$312,197,000 from continuing operations and HK\$6,137,000 from discontinued operation) of which were equity securities listed in Hong Kong. During the period under review, the Group recorded a net unrealised loss of approximately HK\$45,016,000 from the continuing operations and approximately HK\$3,518,000 from the discontinued operation (2015: unrealised gain of HK\$142,970,000 from the continuing operations and unrealised loss of HK\$793,000 from the discontinued operation) in its entire securities investment.

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

Company name/Stock code	At 30 June 2016				At 30 June 2015			
	% of shareholding of the respective share	Change on fair value for 6 months HK\$'000	Fair value as at 30 June 2016 HK\$'000	% to the total assets of the Group	% of shareholding of the respective share	Change on fair value for 6 months HK\$'000	Fair value as at 30 June 2015 HK\$'000	% to the total assets of the Group
From continuing operations								
L & A International Holdings Limited (8195) ("L&A")	2.48%	(29,914)	244,032	29.76%	2.62%	143,795	243,507	38.58%
Major Holdings Limited (1389)	0.39%	3,238	17,483	2.13%	–	–	–	–
GreaterChina Professional Services Limited (8193)	0.68%	(9,240)	15,840	1.93%	–	–	–	–
China Construction Bank Corporation (939)	0.00%	66	15,468	1.89%	–	–	–	–
China Environmental Energy Investment Limited (986)	1.82%	(1,904)	7,276	0.89%	–	–	–	–
China 33 Media Group Limited (8087)	0.83%	1,344	6,336	0.77%	–	–	–	–
China Properties Investment Holdings Limited (736)	2.10%	(7,772)	3,346	0.41%	–	–	–	–
China Jicheng Holdings Limited (1027)	0.01%	(690)	2,050	0.25%	–	–	–	–
Luen Wong Group Holdings Limited (8217)	0.00%	(73)	359	0.04%	–	–	–	–
Huatai Securities Co., Ltd. (6886)	0.00%	(1)	7	0.00%	0.00%	(1)	9	0.00%
		<u>(44,946)</u>	<u>312,197</u>			<u>143,794</u>	<u>243,516</u>	
From discontinued operation								
Hong Kong Exchanges and Clearing Limited (0388) [#]	0.00%	(194)	3,345	0.41%	0.00%	(66)	2,435	0.39%
China Life Insurance Company Limited (2628) [#]	0.00%	(1,416)	2,792	0.34%	–	–	–	–
		<u>(1,610)</u>	<u>6,137</u>			<u>(66)</u>	<u>2,435</u>	
Total		<u><u>(46,556)</u></u>	<u><u>318,334</u></u>			<u><u>143,728</u></u>	<u><u>245,951</u></u>	

[#] These are included in "Assets of a disposal group classified as held for sale" as at 30 June 2016.

As at 30 June 2015, the investment in equity securities listed in Hong Kong included mainly L&A shares. Since the share price of L&A rised, there was an unrealised gain on fair value change of L&A shares of approximately HK\$143,795,000 during the six months ended 30 June 2015.

As at 30 June 2016, the equity investment portfolio was enlarged and diversified, with L&A shares still being the main investment. The share price of L&A dropped from December 2015 to June 2016. As a result, an unrealised loss on fair value change of L&A shares amounted to approximately HK\$29,914,000 was recorded during the six months ended 30 June 2016.

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

The Group was aware of the trading price of the L&A shares being extremely volatile in early July 2016. Having regard to the market conditions and the trading price of L&A shares, the Group believes that the L&A shares may continue to be volatile, therefore sold all the on-hand L&A shares on 6 July 2016. Details of the disposal of L&A shares are set out in the Company's announcements dated 6 July 2016 and 8 July 2016.

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

Money lending business

Since the commencement of the money lending business in June 2015, the Group's money lending business has grown in a rapid pace. During the period under review, it had generated interest income of approximately HK\$4,409,000 (net of inter segment elimination) and recorded a segment profit of approximately HK\$3,630,000.

An aggregate loan of approximately HK\$273 million with effective interest rate ranging from 3% to 24% per annum had been built up by the Group up to 30 June 2016, of which approximately HK\$129 million was repaid by its customers. As at 30 June 2016, the outstanding loan receivables of the Group amounted to approximately HK\$144 million. The Group holds collaterals (e.g. real estates, corporation bonds, shares) for its loan and interest receivables. In the event of default or failure to repay any outstanding amounts by the debtors, the Group will proceed with sale of collaterals.

Dessert catering business

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

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

During the six months ended 30 June 2016, Lucky Dessert in the PRC has generated revenue of approximately RMB3 million.

Financial Review

During the six months ended 30 June 2016, the Group's revenue from continuing operations amounted to approximately HK\$50,496,000 which was approximately 18% higher than that of the last corresponding period. The increment was mainly due to (i) the rise in revenue from food products operation from approximately HK\$42,810,000 for the six months ended 30 June 2015 to approximately HK\$45,031,000 for the six months ended 30 June 2016; and (ii) the interest income of approximately HK\$4,409,000 (net of inter segment elimination) generated from the money lending business segment during the six months ended 30 June 2016.

Loss attributable to the owners of the Company from the continuing operations was approximately HK\$59,443,000 for the six months ended 30 June 2016, a significant drop when compared with profit of approximately HK\$128,427,000 in last corresponding period. Such significant drop was mainly attributable to the unrealised loss from financial assets at FVTPL amounting to approximately HK\$45,016,000 for the six months ended 30 June 2016 while an unrealised gain of approximately HK\$142,970,000 was recorded in the last correspondence period. Although there was an increase in revenue and tax credit for the six months ended 30 June 2016, such financial impact was offset by the increase in other operating expenses and the share of loss from an associate.

The cost of inventories consumed from continuing operations for the six months ended 30 June 2016 amounted to approximately HK\$18,958,000 (2015: HK\$18,951,000). The cost of inventories consumed was approximately 42% (2015: 44%) of the Group's revenue on food products operation business during the period under review. The Group will keep the strategy on bulk purchases of food raw materials from suppliers in order to enjoy a larger discount and achieved optimum food mixing.

Employee benefits expenses from the continuing operations were approximately HK\$15,946,000 (2015: HK\$13,546,000). The increase was mainly due to the development of money lending business and the wage adjustments to retain experienced staff under the inflationary environment during the period under review. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

The operating lease rental and related expenses from the continuing operations for the six months ended 30 June 2016 amounted to approximately HK\$2,458,000 (2015: HK\$252,000). The increase was mainly due to the new leasing of office premise and a yacht for business purpose. To have a better control of the operating lease rentals and related expenses, the Group has entered into long-term lease agreements to maintain the rentals at a reasonable level.

Outlook and Prospects

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

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

The Group is also in the course of negotiating with different potential franchisees for expanding its dessert catering business under the trademark "Lucky Dessert 發記甜品" to other areas of the PRC, and has been approached by potential franchisees for running the dessert catering business in other cities such as Beijing, Shanghai, Shanxi and Xian, the PRC and other countries in Southeast Asia. The Directors will continue to negotiate with the respective franchisees and will update the shareholders for any material progress.

Liquidity, Financial and Capital Resources

Capital structure

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

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

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

Cash position

As at 30 June 2016, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$24,313,000 (31 December 2015: approximately HK\$96,654,000).

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

Borrowings

Details of borrowings as at 30 June 2016 are set out in Note 12.

Gearing ratio

Gearing ratio is calculated as net debt (borrowings and promissory note less pledged bank deposits, bank balance and cash) divided by the total of net debt and total equity. The gearing ratio as at 30 June 2016 was 16%.

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

Capital Expenditure and Commitments

During the six months ended 30 June 2016, additions of property, plant and equipment amounted to approximately HK\$3,473,000 (additions for the year ended 31 December 2015: HK\$16,696,000).

Details of the capital commitments are set out in Note 14.

Charges on Assets

Details of the charges on the Group's assets as at 30 June 2016 were set out in Note 12.

Contingent Liabilities

Save as disclosed elsewhere in this announcement, there were no other significant contingent liabilities of the Group as at 30 June 2016.

Dividend

Details of the dividend are set out in Note 7.

Employees Numbers and Remuneration Policy

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

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

Saved as the Disposal and disposal of L&A Shares disclosed elsewhere in this announcement, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2016. Saved as disclosed elsewhere in this announcement, there is no plan for material investments or capital assets as at 30 June 2016.

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 six months ended 30 June 2016.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review. The Company was not aware of any non-compliance during the six months ended 30 June 2016.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules during the six months ended 30 June 2016.

AUDIT COMMITTEE

The Company established an audit committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of the audit committee was adopted in compliance with paragraph C3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 30 December 2015, the Board adopted a set of revised terms of reference of the audit committee in line with the GEM Listing Rules requirement in relation to the internal control by introducing the concept of the risk management. The primary duties of the audit committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, and oversee internal control procedures of the Company.

As at 30 June 2016, the audit committee of the Company consists of three independent non-executive Directors, namely Mr. Li Fu Yeung, Mr. Kwan Wai Yin, William and Mr. Tam Lok Hang. Mr. Li Fu Yeung is the chairman of the audit committee.

The audit committee had reviewed the Interim Financial Statements for the six months ended 30 June 2016 and is of the opinion that the preparation of such statements complied with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By Order of the Board
Food Idea Holdings Limited
Wong Kwan Mo
Chairman and executive Director

Hong Kong, 12 August 2016

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

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