

新煮意控股有限公司
FOOD IDEA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8179)

**ANNOUNCEMENT OF THE FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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This announcement, for which the directors (“Directors”) of Food Idea Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this 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.

The board (the “Board”) of Directors of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2018 (the “Year”), together with the comparative figures in the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	<i>NOTES</i>	2018 HK\$'000	2017 HK\$'000
Revenue	<i>3</i>	184,834	111,148
Other income		1,102	1,034
Cost of inventories consumed		(53,669)	(41,364)
Cost of sales		(48,620)	–
Employee benefits expenses		(45,579)	(35,801)
Other losses, net	<i>4</i>	(13,171)	(5,500)
Loss on disposal of financial assets at fair value through profit or loss, net		(49,864)	(41,844)
Gain on fair value of financial assets at fair value through profit or loss, net		5,263	14,261
Share option expenses		(2,106)	(10,362)
Other operating expenses		(54,181)	(61,506)
Share of loss of associates		(19,190)	(9,572)
Share of (loss) profit of joint ventures		(3,841)	1,798
Finance costs		(1,313)	(1,762)
Loss before tax		(100,335)	(79,470)
Income tax expenses	<i>5</i>	–	(131)
Loss for the year		<u>(100,335)</u>	<u>(79,601)</u>

	NOTE	2018 HK\$'000	2017 <i>HK\$'000</i>
Other comprehensive (expenses) income for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(4)	12
Share of foreign currency translation reserve of an associate		<u>(1,621)</u>	<u>3,759</u>
		<u>(1,625)</u>	<u>3,771</u>
Total comprehensive expenses for the year		<u><u>(101,960)</u></u>	<u><u>(75,830)</u></u>
Loss for the year attributable to:			
Owners of the Company		(97,367)	(79,417)
Non-controlling interests		<u>(2,968)</u>	<u>(184)</u>
		<u><u>(100,335)</u></u>	<u><u>(79,601)</u></u>
Total comprehensive expenses for the year attributable to:			
Owners of the Company		(98,992)	(75,646)
Non-controlling interests		<u>(2,968)</u>	<u>(184)</u>
		<u><u>(101,960)</u></u>	<u><u>(75,830)</u></u>
		2018	2017
Loss per share			
Basic and diluted (<i>HK cents</i>)	7	<u><u>(4.58)</u></u>	<u><u>(4.80)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	<i>NOTES</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		13,492	14,170
Investment properties		26,167	26,846
Goodwill		–	1,310
Intangible asset		–	4,264
Interests in associates		39,189	49,461
Interests in joint ventures		–	24,842
Amount due from an associate		–	7,266
Available-for-sale investments		–	1,000
Rental deposits		6	223
Deposits paid for acquisition of property, plant and equipment		–	1,960
Deferred tax assets		29	29
Loan receivables	<i>8</i>	4,460	31,146
		83,343	162,517
Current assets			
Inventories		289,936	234
Loan and interest receivables	<i>8</i>	50,757	155,033
Trade receivables	<i>9</i>	19,600	12,642
Loan to an associate		3,000	3,000
Amounts due from associates		574	1,302
Amounts due from joint ventures		168	9,704
Prepayments, deposits and other receivables		3,498	12,767
Income tax recoverable		9	110
Financial assets at fair value through profit or loss		8,338	80,299
Bank balances and cash		7,222	37,127
		383,102	312,218

	<i>NOTE</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current liabilities			
Trade payables	<i>10</i>	5,786	5,412
Other payables, accruals and deposits received		13,874	10,112
Income tax payable		46	25
Borrowings		31,663	15,660
		<u>51,369</u>	<u>31,209</u>
Net current assets		<u>331,733</u>	<u>281,009</u>
Total assets less current liabilities		<u>415,076</u>	<u>443,526</u>
Non-current liabilities			
Promissory notes		67,689	–
Deferred tax liabilities		<u>–</u>	<u>–</u>
		<u>67,689</u>	<u>–</u>
		<u>347,387</u>	<u>443,526</u>
Capital and reserves			
Share capital		21,279	21,071
Reserves		327,716	421,014
		<u>348,995</u>	<u>442,085</u>
Non-controlling interests		(1,608)	1,441
		<u>347,387</u>	<u>443,526</u>

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 February 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange since 8 July 2011. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is Unit 306-A201, 3/F, Harbour Centre, Tower 1, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong.

The Company's principal activity during the year was investment holding. The principal activities of its principal subsidiaries are set out in Note 41 to the Company's annual report for the year ended 31 December 2018 ("2018 Annual Report").

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 9	Financial instruments
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"
HKFRS 15	Revenue from contracts with customers and the related amendments
Amendments to HKAS 40	Transfers of investment property
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration
Annual improvements 2014-2016 cycle	Amendments to HKFRS 1 and HKAS 28

Except as described below, the application of the new and revised standards has had no material impact on the consolidated financial statements.

Application of HKFRS 9

HKFRS 9 and the amendments to HKFRS 9 have replaced HKAS 39 *Financial Instruments: Recognition and Measurement*. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. In accordance with the specific transitional provisions set out in HKFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment) to items that existed as of the date of initial application (i.e. 1 January 2018) on a retrospective basis based on the facts and circumstances and business models that existed as at 1 January 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of HKAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of HKFRS 9 has been recognised as adjustments to the opening equity as of January 2018.

(i) Classification and measurement of financial assets

In general, HKFRS 9 categories financial assets into the following three classification categories:

- amortised cost;
- fair value through other comprehensive income (FVTOCI); and
- fair value through profit or loss (FVTPL).

These classification categories are different from those set out in HKAS 39 which included held to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Details about the Group's accounting policies for its financial assets and financial liabilities are disclosed in the consolidated financial statements. The Group did not designate or de-designate any financial asset at FVTPL at 1 January 2018.

The following table shows a reconciliation from how the Group's financial assets existed as of 1 January 2018 were classified and measured under HKAS 39 to how they are classified and measured under HKFRS 9:

	Old classification under HKAS 39	New classification under HKFRS 9	Carry amount under HKAS39	<i>Notes</i>	Carrying amount under HKFRS 9
Equity interest in unlisted company	Available for sales financial assets (at cost less impairment)	FVTPL	1,000	<i>Note 1</i>	1,000
Held-for-trading investment	Available for sale financial assets (at fair value)	FVTPL	80,299	<i>Note 2</i>	80,299
Trade receivables	Loan and receivables	Amortised cost	12,642	<i>Note 3</i>	12,642
Loan receivables	Loan and receivables	Amortised cost	186,179	<i>Note 3</i>	186,179

Notes:

- Under HKFRS 9, investments in equity securities are required to be measured at fair value subsequently at the end of each reporting period. Accordingly, for investments in equity securities that were previously measured at cost less impairment based on the cost exemption under HKAS 39 have to be measured at fair value under HKFRS 9. Based on the specific transitional provisions set out in HKFRS 9, such investments have to be measured at fair value at the date of initial application (i.e. 1 January 2018), with any difference between the fair value and carrying amount under HKAS 39 being recognised in the opening retained earnings as of 1 January 2018.
- The Group had decided not to designate such investments as at FVTOCI. Accordingly, they are classified as FVTPL under HKFRS 9.
- The amount represented additional impairment loss based on the new expected loss model under HKFRS 9.

(ii) Impairment

HKFRS 9 has introduced the “expected credit loss model” to replace the “incurred loss” model under HKAS 39. The “expected credit loss model” requires an ongoing measurement of credit risk associated with a financial asset. The Group has applied the “expected loss model” to the following types of financial assets:

- financial assets that are subsequently measured at amortised cost (including cash and cash equivalents, account receivables and loans receivables); and

- contract assets as defined in HKFRS 15.

The application of HKFRS 9 has not material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

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

Specifically, the Group’s reportable and operating segments are as follows:

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

Segment turnover, revenue and results

Segment revenue represents revenue derived from the provision of catering services, sales of food products, gross proceeds from the disposal of investments (for segment turnover only), dividend income and interest income from both the financial assets at FVTPL and the provision of money lending business and the sales and distribution of wine products.

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

For the year ended 31 December

	Catering services		Food products operation		Investments		Money lending		Wine trading		Unallocated		Elimination		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SEGMENT																
TURNOVER	-	-	124,661	98,738	55,331	66,949	7,230	12,018	52,914	-	-	-	-	(110)	240,136	177,595
REVENUE																
External sales	-	-	124,661	98,738	29	502	7,230	11,908	52,914	-	-	-	-	-	184,834	111,148
Inter-segment sales	-	-	-	-	-	-	-	110	-	-	-	-	-	(110)	-	-
Segment revenue	-	-	124,661	98,738	29	502	7,230	12,018	52,914	-	-	-	-	(110)	184,834	111,148
Segment result	(4,327)	(438)	(1,297)	800	(44,573)	(30,088)	10,352	6,373	3,044	-	-	-	-	-	(36,801)	(23,353)
Unallocated income	-	-	-	-	-	-	-	-	-	-	5,938	7,589	-	-	5,938	7,589
Unallocated corporate expenses	-	-	-	-	-	-	-	-	-	-	(41,712)	(38,932)	-	-	(41,712)	(38,932)
Share option expenses	-	-	-	-	-	-	-	-	-	-	(2,106)	(10,362)	-	-	(2,106)	(10,362)
Share of loss of associates	(19,190)	(9,572)	-	-	-	-	-	-	-	-	-	-	-	-	(19,190)	(9,572)
Share of (loss) profit of joint ventures	-	-	-	(5)	-	-	-	-	-	-	(3,841)	1,803	-	-	(3,841)	1,798
Impairment loss on goodwill	-	-	(1,310)	(4,876)	-	-	-	-	-	-	-	-	-	-	(1,310)	(4,876)
Finance costs	-	-	-	-	-	-	-	-	-	-	(1,313)	(1,762)	-	-	(1,313)	(1,762)
Loss before tax															(100,335)	(79,470)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment result represents the (loss from) / profit earned by each segment without allocation of other income, certain other losses, central administrative costs, share option expenses, share of (loss) profit of associates / joint ventures, impairment loss on goodwill and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessments.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

As at 31 December

	Catering services		Food products operation		Investments		Money lending		Wine trading		Unallocated		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS														
Segment assets	-	4,264	19,093	18,397	8,338	81,299	55,218	186,179	297,500	-	-	-	380,149	290,139
Interests in associates	28,650	49,461	-	-	-	-	-	-	-	-	-	-	28,650	49,461
Loan to an associate	3,000	3,000	-	-	-	-	-	-	-	-	-	-	3,000	3,000
Amounts due from associates	574	1,302	-	-	-	-	-	-	-	-	-	7,266	574	8,568
Amounts due from														
joint ventures	-	-	168	169	-	-	-	-	-	-	-	9,535	168	9,704
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	53,904	113,863	53,904	113,863
Consolidated total assets													466,445	474,735
LIABILITIES														
Segment liabilities	109	61	22,901	19,168	-	300	45	12	-	-	-	-	23,055	19,541
Promissory notes	-	-	-	-	-	-	-	-	-	-	67,689	-	67,689	-
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	28,314	11,668	28,314	11,668
Consolidated total liabilities													119,058	31,209

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, investment properties, certain interests in joint ventures, deposits paid for acquisition of property, plant and equipment, deferred tax assets, certain amounts due from associates / joint ventures, income tax recoverable, bank balances and cash and other assets that cannot be allocated to a specific segment; and
- all liabilities are allocated to operating segments other than income tax payable, certain borrowings, promissory notes, deferred tax liabilities and other liabilities that cannot be allocated to a specific segment.

Geographical information

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

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (<i>Note</i>)	
	For the year ended		As at 31 December	
	31 December		As at 31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (country of domicile)	184,834	111,148	50,198	69,128
Singapore	–	–	–	4,264
PRC	–	–	28,650	49,461
	<u>184,834</u>	<u>111,148</u>	<u>78,848</u>	<u>122,853</u>

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

None of the Group's customers contributed 10% or more of the Group's total revenue during the years ended 31 December 2018 and 2017.

Other segment information

For the year ended 31 December 2018

	Catering services	Food		Money lending	Wine trading	Unallocated	Consolidated
		products operation	Investments				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amount included in the measure of segment result or segment assets:							
Additions to non-current assets (<i>Note</i>)	–	747	–	–	–	12,520	13,267
Depreciation	–	609	–	–	–	3,434	4,043
Amortisation	186	–	–	–	–	–	186
Reversal for impairment on loan and interest receivables	–	–	–	(4,000)	–	–	(4,000)
Gain on fair value of financial assets at FVTPL, net	–	–	(5,263)	–	–	–	(5,263)
Loss on disposal of financial assets at FVTPL, net	–	–	49,864	–	–	–	49,864
	<u>–</u>	<u>–</u>	<u>49,864</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>49,864</u>

	Catering	Food	Investments	Money	Wine	Unallocated	Consolidated
	services	products		lending	trading		
	HK\$'000	operation	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

Amounts regularly provided to the CODM
but not included in the measure of segment
profit or loss or segment assets:

Interest income	(181)	-	-	-	-	(6)	(187)
Finance costs	-	196	-	-	-	1,117	1,313
Income tax expenses	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

For the year ended 31 December 2017

	Catering	Food	Investments	Money	Unallocated	Consolidated
	services	products		lending		
	HK\$'000	operation	HK\$'000	HK\$'000	HK\$'000	HK\$'000

Amount included in the measure of segment result or
segment assets:

Additions to non-current assets (<i>Note</i>)	-	385	-	-	54,011	54,396
Depreciation	-	759	-	-	4,547	5,306
Amortisation	192	-	-	-	-	192
Provision for impairment on loan and interest receivables	-	-	-	4,172	-	4,172
Impairment loss on available-for-sale investments	-	-	3,007	-	-	3,007
Gain on fair value of financial assets at FVTPL, net	-	-	(14,261)	-	-	(14,261)
Loss on disposal of financial assets at FVTPL, net	-	-	41,844	-	-	41,844
	<u>-</u>	<u>-</u>	<u>41,844</u>	<u>-</u>	<u>-</u>	<u>41,844</u>

Amounts regularly provided to the CODM but not included in
the measure of segment profit or loss or segment assets:

Interest income	(180)	(2)	-	-	(6)	(188)
Finance costs	-	135	-	16	1,611	1,762
Income tax expenses	-	88	-	-	43	131
	<u>-</u>	<u>88</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>131</u>

Note: Non-current assets excluded financial instruments and deferred tax assets.

4. OTHER LOSSES, NET

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Gain on disposal of subsidiaries	(1,109)	(6,437)
Gain on disposal of associates	(66)	–
Gain on disposal of a joint venture	(3,661)	–
Gain on disposal of property, plant and equipment	–	(118)
Write off of property plant and equipment	6,185	–
(Reversal) provision for impairment on loan and interest receivables	(4,000)	4,172
Impairment loss on available-for-sale investments	–	3,007
Impairment loss on goodwill	1,310	4,876
Written off on intangible asset	4,078	–
Impairment loss on amounts due from joint ventures	10,434	–
	<u>13,171</u>	<u>5,500</u>

5. INCOME TAX EXPENSES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current income tax – Hong Kong:		
Current year provision	–	46
Under provision in prior years	–	223
	<u>–</u>	<u>269</u>
Deferred income tax	–	(138)
	<u>–</u>	<u>131</u>

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the “Ordinance”). Under the two-tiered profits tax rate regime, the first \$2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018-2019.

Accordingly, the provision for Hong Kong Profits Tax for the year ended 31 December 2018 is calculated in accordance with the two-tiered profits tax regime (2017: a single tax rate of 16.5% was applied).

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

6. DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 December 2018 nor has any dividend been proposed since the end of the reporting period (2017: Nil).

7. LOSS PER SHARE

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

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share, being loss for the year attributable to the owners of the Company	<u><u>(97,367)</u></u>	<u><u>(79,417)</u></u>
	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>2,124,558,760</u></u>	<u><u>1,652,937,686</u></u>

The weighted average number of ordinary shares for the year ended 31 December 2017 has been adjusted for the rights issue on 23 May 2017.

Diluted loss per share for the years ended 31 December 2018 and 2017 was the same as the basic loss per share.

The computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share for the years ended 31 December 2018 and 2017.

8. LOAN AND INTEREST RECEIVABLES

	2018	2017
	HK\$'000	HK\$'000
Fixed-rate loan receivables	54,056	188,886
Interest receivables	1,333	1,465
	55,389	190,351
<i>Less: provision for impairment on loan and interest receivables</i>	(172)	(4,172)
	55,217	186,179
Loan receivables analysed for reporting purpose as:		
Non-current asset	4,460	31,146
Current asset	50,757	155,033
	55,217	186,179

The Group seeks to maintain strict control over its outstanding loan and interest receivables so as to minimise credit risk. The granting of loans is subject to approval by the Directors and / or the director of the subsidiary, where appropriate, whilst overdue balances are reviewed regularly by senior management of the Group.

The Group holds real estates, equity securities or corporate bonds as collaterals for most of the 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. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends.

The loan and interest receivables are due from a few independent individuals and over 98% (2017: 97%) of the balances are secured by the collaterals as at 31 December 2018.

The loans provided to debtors bore fixed interest rate ranging from 3% to 36% (2017: 3% to 36%) per annum and will be repayable on maturity with a maturity period ranged from 1 month to 5 years (2017: 1 month to 5 years).

Terms and conditions of the loan receivable that is significant were disclosed in the Company's announcement dated 16 June 2017.

A maturity profile of the loan and interest receivables at the end of the reporting periods, based on the maturity date, is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within one year	50,757	155,033
After one year but within two years	3,868	27,412
After two years but within five years	592	3,734
	<u>55,217</u>	<u>186,179</u>

The movement in the provision for impairment is set out below:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
At 1 January	4,172	–
(Reversal)/provided for the year	(4,000)	4,172
At 31 December	<u>172</u>	<u>4,172</u>

Included in the provision for impairment on loan and interest receivables are individually impaired loan and interest receivables with an aggregate balance of approximately HK\$172,000 (2017: HK\$4,172,000) related to a customer that is in severe financial difficulties.

9. TRADE RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	<u>19,600</u>	<u>12,642</u>

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 follows:

	2018 HK\$'000	2017 <i>HK\$'000</i>
Within 30 days and neither past due nor impaired	17,905	9,997
31 – 60 days	1,304	2,645
61 – 90 days	259	–
Over 90 days	132	–
	<u>19,600</u>	<u>12,642</u>

The Group does not hold any collateral over its trade receivables, deposits and other receivables.

The Group allows an average credit period of 30 days to its customers.

10. TRADE PAYABLES

	2018 HK\$'000	2017 <i>HK\$'000</i>
Trade payables	<u>5,786</u>	<u>5,412</u>

Payment terms granted by suppliers are generally 30 to 45 days after the end of the month in which the relevant purchases are made. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

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

	2018 HK\$'000	2017 <i>HK\$'000</i>
Within 30 days	5,023	4,151
31 – 60 days	727	1,261
Over 60 days	36	–
	<u>5,786</u>	<u>5,412</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's principal activities during the year 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

The revenue of food products operation had a steady growth from approximately HK\$98.74 million for the Last Year to approximately HK\$124.66 million for the Year.

Although the revenue of the food products operation recorded a rise of approximately 26% for the Year, the effect was counteracted by the rise in the food cost, staff cost and other operating costs. As a result, the segment loss recorded approximately HK\$1.30 million for the Year compare with segment profit recorded approximately HK\$0.80 million for the Last Year.

Securities Investment Business

As at 31 December 2018, the Group had a portfolio of securities investment of approximately HK\$8.34 million (2017: HK\$80.30 million) and all of them were equity securities listed in Hong Kong. During the Year, the Group recorded an unrealised gain of approximately HK\$5.26 million (2017: approximately HK\$14.26 million) and a net realised loss of approximately HK\$49.86 million (2017: HK\$41.84 million) from its entire securities investment.

Details of the investments in equity securities listed in Hong Kong and their performance are as follows:

Name of the investments	Note	% to the total assets of the Group	% to the interest in the respective investments as at 31 December 2017	Movement for the year ended 31 December 2018			Fair value as at 31 December 2018 HK\$'000	% to the total assets of the Group	% to the interest in the respective investments as at 31 December 2018	Gain/(loss) on disposal HK\$'000
				Fair value as at 31 December 2017 HK\$'000	Addition/(disposal), net HK\$'000	Change on fair value HK\$'000				
Equity securities listed in Hong Kong										
Cool Link (Holdings) Limited (8491) ("CLH")	a	0.28%	0.75%	1,350	1,725	5,263	8,338	1.79%	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 Bodibra 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)
BOC 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
				<u>77,935</u>	<u>(74,860)</u>	<u>5,263</u>	<u>8,338</u>			<u>(49,990)</u>
Listed fund										
Hang Seng China Enterprises Index ETF (2828)		0.50%	0.01%	2,364	(2,364)	-	-	N/A	N/A	126
Total				<u>80,299</u>	<u>(77,224)</u>	<u>5,263</u>	<u>8,338</u>			<u>(49,864)</u>

Note:

- (a) This investment represented 5,750,000 shares, which was approximately 0.96% of the total issued shares of CLH as at 31 December 2018. CLH and its subsidiaries ("CLH Group") are principally engaged in food supplies business in Singapore and other Asia Pacific Region. For the Year, the Group recorded an unrealised fair value gain of approximately HK\$5.26 million for the investment in the shares of CLH. According to CLH's third quarterly report for the nine months ended 30 September 2018, CLH Group recorded revenue and net profit of approximately Singapore Dollar ("S\$") 18.88 million and S\$0.25 million respectively. As disclosed in CLH's latest third quarterly report, the listing of shares is strategic to their entrance into the Hong Kong ship supply industry and will then raise the profile and visibility of CLH Group and strengthen their competitiveness. The management of the Group (the "Management") would also continue to monitor the performance and share price of CHL.

Money Lending Business

The Group's money lending business maintained a stable performance. During the Year, it generated interest income of approximately HK\$7.23 million (2017: HK\$11.91 million). Attributable to a reversal of provision for impairment on loan and interest receivables of HK\$4 million during the Year, the Group recorded an increase in segment profit to approximately HK\$10.35 million (2017: HK\$6.37 million).

As at 31 December 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 31 December 2018, the outstanding loan receivables of the Group amounted to approximately HK\$54.06 million (31 December 2017: HK\$188.89 million).

Dessert Catering Business

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 Lucky Dessert Group competes with both new entrants and competitors with longer operating histories. Together with the rising operating costs such as rental expenses and labour costs in the PRC, the Lucky Dessert Group changed its strategy and focused on developing its restaurant network through local business partners in the PRC, instead of operating its self-owned restaurant.

Included in the interests in associates of an intangible asset of approximately HK\$146 million represented the cost of trademarks licensing rights “Lucky Dessert 發記甜品”, the exclusive rights to use and to grant the license to third parties for using the trademarks to conduct dessert catering business in the PRC for a term of 15 years commencing from 29 September 2014.

As a result of the abovementioned factors, the Group recognised a share of loss of associates of approximately HK\$19.19 million (2017: HK\$9.57 million) for the Year, of which approximately HK\$14.54 million (2017: HK\$3.74 million) and HK\$4.48 million (2017: HK\$4.65 million) represented the impairment and amortisation of the trademarks licensing rights, after netting off against the corresponding deferred tax credit of approximately HK\$6.34 million (2017: HK\$2.8 million) in aggregate.

As at 31 December 2018, the Lucky Dessert Group had six (2017: six) dessert catering restaurants which were operated by local business partners in Tianjin, Taiyuan, Nanjing and Shenzhen. The Management will continue to look for potential local partners for developing the restaurant network.

Wine Trading

Wine industry in Hong Kong has been developed for years. With the help of the removal of all wine duties by the Government of the HKSAR 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 6 September 2018, which provided statistical data for the previous year of 2017, and data from Euromonitor International, in January to June 2018, wine sales in Hong Kong amounted to United States Dollars 1,620 million or 34.8 million liters in 2017, up 5.2% and 2.5%, respectively, per annum in the past five years. For 2017 to 2022, it is forecasted to grow 5.0% per annum in value terms and 3.8% 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 sale and purchase agreement with an independent third party for the acquisition 100% of issued share capital of Palinda Holding Group Limited and its wholly owned subsidiary (collectively "Palinda Group") a wine products trading group. Details of the acquisition were set out in the Company's announcements dated 22 October 2018, 30 November 2018, 11 December 2018 and 22 January 2019 and the circular of the Company dated 13 December 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 Year, the wine trading operation has achieved positive results and recorded revenue of approximately HK\$52.91 million with a segment profit of approximately HK\$3.04 million.

Others

The Group has established a joint venture for the development and operation of a bar restaurant in January 2018. The bar restaurant was 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 had a total saleable area of approximately 700 square meters and a maximum capacity of approximately 200 guests on a single occasion.

The bar business underperformed the Group's expectation and incurred losses since operation 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 tried various measures to improve the performance, including but not limited to lower the prices for food and beverages, arranged various promotion offers, changed from employing full time to part-time staff etc. However, the customers spending and the customer flow were still sluggish.

Up to 31 December 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\$10.43 million has been recognised by the Group for the amounts due from joint ventures for the Year.

Financial Review

During the Year, the Group's revenue amounted to approximately HK\$184.83 million which was approximately 66% higher than that of the Last Year. The increment was mainly due to the rise in revenue from food products operation and the new wine business, generating revenue of approximately HK\$124.66 million and HK\$52.91 million respectively for the Year (2017: approximately HK\$98.74 million and HK\$Nil respectively).

Loss attributable to the owners of the Company was approximately HK\$97.37 million for the Year, a further loss as compared to the loss of approximately HK\$79.42 million for the Last Year. Such further loss was mainly attributable to (i) the increase in the net realised loss from financial assets at FVTPL to approximately HK\$49.86 million (2017: approximately HK\$41.84 million); (ii) the decrease in the net unrealised gain from financial assets at FVTPL to approximately HK\$5.26 million (2017: approximately HK\$14.26 million); (iii) the increase in the share of loss of associates to approximately HK\$19.19 million (2017: approximately HK\$9.57 million) and (iv) the reversal to the share of loss of joint ventures to approximately HK\$3.84 million (2017: share of profit of approximately HK\$1.80 million) for the Year and an impairment loss on amounts due from joint ventures approximately HK\$10.43 million (2017: Nil); (v) the increase in commission expenses to supermarket chains for concessionaire stores to approximately HK\$26.44 million (2017: approximately HK\$22.15 million) and; (vi) the increase in employee benefits expenses to approximately HK\$45.58 million for the Year (2017: approximately HK\$35.80 million). However, the impact was also counteracted by (i) the decrease in impairment loss on goodwill of approximately HK\$1.31 million (2017: HK\$4.88 million); and (ii) the decrease in share option expenses to approximately HK\$2.11 million (2017: approximately HK\$10.36 million) for the Year.

The cost of inventories consumed for the Year amounted to approximately HK\$53.67 million (2017: HK\$41.36 million) which was approximately 30% higher than that of the Last Year. The cost of inventories consumed in food products operation was approximately 43% (2017: 42%) of the Group's revenue on food products operation for the Year. The cost of sales in wine trading for the Year amounted to approximately HK\$48.62 million (2017: Nil). The cost of sales in wine trading was approximately 92% (2017: Nil) of the Group's revenue on wine trading for the Year. 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. The Group expects to improve the product mixing in wine trading in the future.

Employee benefits expenses for the Year amounted to approximately HK\$45.58 million (2017: HK\$35.80 million). The increase was mainly due to the new recruitment for developing the Group's wine trading, opening new concessionaire stores in food products operation and the wage adjustments to retain experienced staff under the inflationary environment during the Year. 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.

In view of the positive results in wine trading segment for the Year and the prospect of the wine industry in Hong Kong, the development of the wine trading represents a good opportunity for the Group to further develop its distribution and catering business and will help to diversify the businesses of the Group. As such, it is the intention of the Group to further strengthen its sales capability in wine trading with an aim to take advantage of the steady growth in the wine trading industry. Apart from continuing efforts in product portfolio expansion and marketing, the Group will seek for acquisition opportunities to enhance the operating scale and performance of the wine trading segment. The Group is in the view that it may benefit the development of the existing wine trading business by expanding the customer base, addition to wine supply channels and acquisition of staff with relevant skill sets and connections in the wine trading industry.

For the food products operation, 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.

The Group is also proactively monitoring the rising food costs, labour costs and commission expenses to supermarket chains in order to raise the operational efficiencies of the food products operation.

The Group will actively seek for opportunities to expand its money lending business.

The Management will monitor the risk exposure regularly and adjust the investments portfolio when necessary, while selectively choose those with the most balanced risk and return potential.

The Lucky Dessert Group is consistently approached by potential local entrepreneurs of the trademark “Lucky Dessert” for running the dessert catering business in the PRC. The Group will explore opportunities to further develop its dessert catering business.

The Group will closely monitor and review the performance of existing businesses and may dispose of and scale down the underperforming businesses in order to concentrate resources to develop outperforming business.

DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 December 2018 nor has any dividend been proposed since the end of the reporting period (2017: Nil).

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 Year.

EVENT AFTER THE END OF THE REPORTING PERIOD

- (i) On 11 January 2019, 148,949,822 share options were granted to certain eligible participants under the Share Option Scheme with an exercise price of HK\$0.042 per option and the validity period of one year from the date of grant. The fair value of share option expense will be charged to profit and loss and the corresponding amount will be credited to share option reserve. Details of which are set out in the Company’s announcement dated 11 January 2019.
- (ii) On 22 October 2018, the Group entered into a sale and purchase agreement with an independent third party for the acquisition of 100% of issued share capital of Palinda Holding Group Limited and its wholly owned subsidiary (collectively “Palinda Group”), a wine products trading group. Details of the acquisition were set out in the Company’s announcements dated 22 October 2018, 30 November 2018, 11 December 2018 and 22 January 2019 and the circular of the Company dated 13 December 2018.

CORPORATE GOVERNANCE

The Board has adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (the “CG Code”) under Appendix 15 of the GEM Listing Rules. For the Year, the Company has fully complied with all applicable provisions of the CG Code. Details of the Company’s corporate governance practices are set out in the “Corporate Governance Report” section of the 2018 Annual Report.

AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 25 June 2011 and 1st revised on 30 December 2015 and 2nd revised on 20 December 2018 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C3.3 of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules. 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 auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditor. As at 31 December 2018, the Audit Committee consists of three members, namely Mr. Tam Lok Hang, Mr. Kwan Wai Yin, William and Mr. Chu Sin Bun Jacky. During the Year, Mr. Li Fu Yeung ceased to act as the chairman of the Audit Committee and Mr. Tam Lok Hang was redesignated as the chairman of the Audit Committee. Subsequent to the reporting period, (i), Mr. Tam Lok Hang ceased to act as the chairman of the Audit Committee; (ii) Mr. Chu Sin Bun Jacky and Mr. Kwan Wai Yin, William ceased to act as the member of the Audit Committee; (iii) Dr. Wu Wing Kuen, B.B.S. and Mr. So Yat Chuen were appointed as the member of the Audit Committee; and (iv) Mr. Li Lap Keung was appointed as the chairman of the Audit Committee.

During the Year, the Audit Committee performed duties including reviewing the financial reports and compliance procedures, the risk management and internal control systems and considering the re-election of auditor of the Company.

The Group's annual results for the Year have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the financial statements of the Company and the Group for the Year comply with 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, 28 March 2019

As at the date of this announcement, the Board of the Company comprises Mr. Wong Hoi Yu and Mr. Yu Ka Ho as executive Directors, and Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, B.B.S., 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 seven days from the date of its posting and on the Company's website at <http://www.foodidea.com.hk>.