

**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 2019**

**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 2019 (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 2019*

|  | <i>NOTES</i> | <b>2019</b><br><b>HK\$'000</b> | 2018<br>HK\$'000        |
|--|--------------|--------------------------------|-------------------------|
| Revenue  | 3            | <b>230,692</b>                 | 184,834                 |
| Other income   |              | <b>1,195</b>                   | 1,102                   |
| Cost of inventories consumed   |              | <b>(51,689)</b>                | (53,669)                |
| Cost of sales  |              | <b>(90,245)</b>                | (48,620)                |
| Employee benefits expenses   |              | <b>(44,338)</b>                | (45,579)                |
| Other losses, net  | 4            | <b>(12,940)</b>                | (13,171)                |
| Gain (loss) on disposal of financial assets<br>at fair value through profit or loss, net   |              | <b>7,771</b>                   | (49,864)                |
| (Loss) gain on fair value of financial assets<br>at fair value through profit or loss, net |              | <b>(5,356)</b>                 | 5,263                   |
| Share option expenses to eligible person other than employees                              |              | <b>(2,128)</b>                 | (2,106)                 |
| Other operating expenses   |              | <b>(44,807)</b>                | (54,181)                |
| Share of loss of associates  |              | <b>(32,358)</b>                | (19,190)                |
| Share of loss of joint ventures  |              | –                              | (3,841)                 |
| Finance costs  |              | <b>(8,295)</b>                 | (1,313)                 |
| Loss before tax  |              | <b>(52,498)</b>                | (100,335)               |
| Income tax expenses  | 5            | <b>(835)</b>                   | –                       |
| Loss for the year  |              | <b><u>(53,333)</u></b>         | <b><u>(100,335)</u></b> |

|   | <i>NOTE</i> | <b>2019</b><br><b>HK\$'000</b> | 2018<br>HK\$'000   |
|---|-------------|--------------------------------|--------------------|
| Loss for the year   |             | <b>(53,333)</b>                | (100,335)          |
| Other comprehensive income (expenses) for the year  |             |                                |                    |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                     |             |                                |                    |
| Exchange differences arising on translation of<br>foreign operations                      |             | <b>95</b>                      | (4)                |
| Share of foreign currency translation reserve of associates                               |             | <b>(46)</b>                    | (1,621)            |
| Reclassification of foreign currency<br>translation reserve upon disposal of subsidiaries |             | <b>(40)</b>                    | –                  |
|   |             | <u><b>9</b></u>                | <u>(1,625)</u>     |
| Total comprehensive expense for the year  |             | <u><b>(53,324)</b></u>         | <u>(101,960)</u>   |
| (Loss) profit for the year attributable to:   |             |                                |                    |
| Owners of the Company   |             | <b>(53,422)</b>                | (97,367)           |
| Non-controlling interests   |             | <b>89</b>                      | (2,968)            |
|   |             | <u><b>(53,333)</b></u>         | <u>(100,335)</u>   |
| Total comprehensive (expense) income for<br>the year attributable to:                     |             |                                |                    |
| Owners of the Company   |             | <b>(53,413)</b>                | (98,992)           |
| Non-controlling interests   |             | <b>89</b>                      | (2,968)            |
|   |             | <u><b>(53,324)</b></u>         | <u>(101,960)</u>   |
|   |             | <b>2019</b>                    | 2018<br>(restated) |
| Loss per share  |             |                                |                    |
| Basic and diluted (HK\$)  | 7           | <u><b>(0.17)</b></u>           | <u>(0.46)</u>      |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

|   |              | 2019            | 2018            |
|---|--------------|-----------------|-----------------|
|   | <i>NOTES</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| <b>Non-current assets</b>                             |              |                 |                 |
| Property, plant and equipment                         |              | 1,226           | 13,492          |
| Right-of-use assets                                   |              | 1,945           | –               |
| Investment properties                                 |              | 25,488          | 26,167          |
| Goodwill  |              | 27,192          | –               |
| Intangible asset                                      |              | –               | –               |
| Interests in associates                               |              | 4,071           | 39,189          |
| Interests in joint ventures                           |              | –               | –               |
| Rental deposits                                       |              | 205             | 6               |
| Deferred tax assets                                   |              | –               | 29              |
| Loan receivables                                      | 8            | –               | 4,460           |
|   |              | <u>60,127</u>   | <u>83,343</u>   |
| <b>Current assets</b>                                 |              |                 |                 |
| Inventories   |              | 307,990         | 289,936         |
| Loan and interest receivables                         | 8            | 2,484           | 50,757          |
| Trade receivables                                     | 9            | 44,573          | 19,600          |
| Loan to an associate                                  |              | 3,000           | 3,000           |
| Amounts due from associates                           |              | 3               | 574             |
| Amounts due from joint ventures                       |              | –               | 168             |
| Prepayments, deposits and other receivables           |              | 60,274          | 3,498           |
| Income tax recoverable                                |              | –               | 9               |
| Financial assets at fair value through profit or loss |              | –               | 8,338           |
| Bank balances and cash                                |              | 4,079           | 7,222           |
|   |              | <u>422,403</u>  | <u>383,102</u>  |

|  | <i>NOTE</i> | <b>2019</b><br><b>HK\$'000</b> | 2018<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| <b>Current liabilities</b>                     |             |                                |                         |
| Trade payables                                 | <i>10</i>   | <b>9,179</b>                   | 5,786                   |
| Other payables, accruals and deposits received |             | <b>16,559</b>                  | 13,874                  |
| Income tax payable                             |             | <b>1,633</b>                   | 46                      |
| Borrowings                                     |             | <b>14,981</b>                  | 31,663                  |
| Promissory notes                               |             | <b>5,147</b>                   | –                       |
| Lease liabilities                              |             | <b>1,082</b>                   | –                       |
|  |             | <u><b>48,581</b></u>           | <u>51,369</u>           |
| <b>Net current assets</b>                      |             | <u><b>373,822</b></u>          | <u>331,733</u>          |
| <b>Total assets less current liabilities</b>   |             | <u><b>433,949</b></u>          | <u>415,076</u>          |
| <b>Non-current liabilities</b>                 |             |                                |                         |
| Promissory notes                               |             | <b>74,141</b>                  | 67,689                  |
| Lease liabilities                              |             | <b>852</b>                     | –                       |
| Deferred tax liabilities                       |             | <b>–</b>                       | –                       |
|  |             | <u><b>74,993</b></u>           | <u>67,689</u>           |
| <b>Net assets</b>                              |             | <u><b>358,956</b></u>          | <u>347,387</u>          |
| <b>Capital and reserves</b>                    |             |                                |                         |
| Share capital                                  |             | <b>41,493</b>                  | 21,279                  |
| Reserves                                       |             | <b>318,825</b>                 | 327,716                 |
|  |             | <u><b>360,318</b></u>          | <u>348,995</u>          |
| Equity attributable to owners of the Company   |             | <b>360,318</b>                 | 348,995                 |
| Non-controlling interests                      |             | <b>(1,362)</b>                 | (1,608)                 |
|  |             | <u><b>(1,362)</b></u>          | <u>(1,608)</u>          |
| <b>Total equity</b>                            |             | <u><b>358,956</b></u>          | <u>347,387</u>          |

# NOTES

## 1. GENERAL INFORMATION

Food Idea Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 10 February 2011 under the Companies Law (2010 Revision) of the Cayman Islands. The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (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, 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 is investment holding. The principal activities of its subsidiaries (together with the Company referred to as the “Group”) are set out in Note 40 to the Company’s annual report for the year ended 31 December 2019 (“2019 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 and all values are rounded to the nearest thousand (HK\$’000) unless otherwise indicated.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year.

|                       |  |
|-----------------------|--|
| HKFRS 16              | Leases   |
| HK(IFRIC)-Int 23      | Uncertainty over Income Tax Treatments               |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation       |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement            |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures |
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2015-2017 Cycle        |

Except as described below, the application of the new and amendments to HKFRSs has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases, and related interpretations.

### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contain a lease.

### *As a lessee*

The Group has applied HKFRS retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- (ii) elect not to recognise right-of-use assets and lease liabilities for leases with lease term end within 12 months of the date of initial application; and
- (iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial applications.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

*HK\$'000*

### *Lease liabilities*

|  |             |
|--|-------------|
| Operating lease commitments disclosed as at 31 December 2018 | 852         |
| <i>Less:</i> Recognition exemption – short-term leases       | (813)       |
| <i>Less:</i> Recognition exemption – low-value leases        | (39)        |
|  | <hr/>       |
| Lease liabilities as at 1 January 2019                       | <hr/> <hr/> |

## ***As a lessor***

In accordance with the transitional provision of HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted for as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under other payables, accruals and deposits received.

Effective 1 January 2019, the Group has applied HKFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

Transition to HKFRS 16 does not have an impact on accumulated losses at 1 January 2019.

## **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

|   |  |
|---|--|
| HKFRS 17                                      | Insurance Contracts <sup>3</sup>   |
| Amendments to HKFRS 3                         | Definition of a Business <sup>2</sup>  |
| Amendments to HKFRS 10<br>and HKAS 28         | Sale or Contribution of Assets between an Investor and its Associates<br>or Joint Venture <sup>4</sup> |
| Amendments to HKAS 1<br>and HKAS 8            | Definition of Material <sup>1</sup>  |
| Amendments to HKFRS 9,<br>HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform <sup>1</sup>  |

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2020.*

<sup>2</sup> *Effective for business combination for which the acquisition date is on or after the first annual periods beginning on or after 1 January 2020.*

<sup>3</sup> *Effective for annual periods on or after 1 January 2021.*

<sup>4</sup> *Effective for annual period beginning on or after a date to be determined.*

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs as described below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.



## **Amendments to HKFRS 3 *Definition of a Business***

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;
- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and
- narrow the definition of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with earlier application permitted.

The amendments to HKFRS 3 are not expected to have significant impact on the Group's consolidated financial statements.

## **Conceptual Framework for Financial Reporting 2018 (the “New Framework”) and the Amendments to References to the Conceptual Framework in HKFRS Standards**

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

### 3. REVENUE AND SEGMENT INFORMATION

Information reported by 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 business – 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 sales and distribution of wine products.

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

#### For the year ended 31 December

|  | Catering services |          | Food products operation |          | Investments |          | Moneylending |          | Wine business |          | Unallocated |          | Consolidated |           |
|--|-------------------|----------|-------------------------|----------|-------------|----------|--------------|----------|---------------|----------|-------------|----------|--------------|-----------|
|  | 2019              | 2018     | 2019                    | 2018     | 2019        | 2018     | 2019         | 2018     | 2019          | 2018     | 2019        | 2018     | 2019         | 2018      |
|  | 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                               | -                 | -        | 119,062                 | 124,661  | 13,252      | 55,331   | 1,890        | 7,230    | 109,740       | 52,914   | -           | -        | 243,944      | 240,136   |
| Segment revenue                                | -                 | -        | 119,062                 | 124,661  | -           | 29       | 1,890        | 7,230    | 109,740       | 52,914   | -           | -        | 230,692      | 184,834   |
| Segment result                                 | (68)              | (4,327)  | (2,673)                 | (1,297)  | 2,596       | (44,573) | 1,652        | 10,352   | 10,273        | 3,044    | -           | -        | 11,780       | (36,801)  |
| Unallocated income                             | -                 | -        | -                       | -        | -           | -        | -            | -        | -             | -        | 4,147       | 5,938    | 4,147        | 5,938     |
| Unallocated corporate expenses                 | -                 | -        | -                       | -        | -           | -        | -            | -        | -             | -        | (14,042)    | (41,712) | (14,042)     | (41,712)  |
| Share option expenses                          | -                 | -        | -                       | -        | -           | -        | -            | -        | -             | -        | (2,979)     | (2,106)  | (2,979)      | (2,106)   |
| Share of loss of associates                    | (28,603)          | (19,190) | -                       | -        | -           | -        | -            | -        | -             | -        | (3,755)     | -        | (32,358)     | (19,190)  |
| Share of loss of joint ventures                | -                 | -        | -                       | -        | -           | -        | -            | -        | -             | -        | -           | (3,841)  | -            | (3,841)   |
| Impairment loss on amounts due from associates | (771)             | -        | -                       | -        | -           | -        | -            | -        | -             | -        | -           | -        | (771)        | -         |
| Impairment loss on goodwill                    | -                 | -        | -                       | (1,310)  | -           | -        | -            | -        | (9,980)       | -        | -           | -        | (9,980)      | (1,310)   |
| Finance costs                                  | -                 | -        | (226)                   | (196)    | -           | -        | -            | -        | (3,375)       | -        | (4,694)     | (1,117)  | (8,295)      | (1,313)   |
| Loss before tax                                |                   |          |                         |          |             |          |              |          |               |          |             |          | (52,498)     | (100,335) |

Disaggregation of revenue from contracts with customers:

|  | Catering services |          | Food products operation |          | Investment |          | Money lending |          | Wine business |          | Unallocated |          | Consolidated |          |
|--|-------------------|----------|-------------------------|----------|------------|----------|---------------|----------|---------------|----------|-------------|----------|--------------|----------|
|  | 2019              | 2018     | 2019                    | 2018     | 2019       | 2018     | 2019          | 2018     | 2019          | 2018     | 2019        | 2018     | 2019         | 2018     |
|  | 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 |
| <b>Types of goods or services</b>                    |                   |          |                         |          |            |          |               |          |               |          |             |          |              |          |
| Sales and distribution of food products              | -                 | -        | 119,062                 | 124,661  | -          | -        | -             | -        | -             | -        | -           | -        | 119,062      | 124,661  |
| Sales of wine products                               | -                 | -        | -                       | -        | -          | -        | -             | -        | 109,410       | 52,914   | -           | -        | 109,410      | 52,914   |
| Sales of ancillary wine-related products             | -                 | -        | -                       | -        | -          | -        | -             | -        | 330           | -        | -           | -        | 330          | -        |
| <b>Revenue from contracts with customers</b>         | -                 | -        | 119,062                 | 124,661  | -          | -        | -             | -        | 109,740       | 52,914   | -           | -        | 228,802      | 177,575  |
| Loan interest income under effective interest method | -                 | -        | -                       | -        | -          | -        | 1,890         | 7,230    | -             | -        | -           | -        | 1,890        | 7,230    |
| Dividend income                                      | -                 | -        | -                       | -        | -          | 29       | -             | -        | -             | -        | -           | -        | -            | 29       |
| <b>Segment revenue</b>                               | -                 | -        | 119,062                 | 124,661  | -          | 29       | 1,890         | 7,230    | 109,740       | 52,914   | -           | -        | 230,692      | 184,834  |
| <b>Sales channel</b>                                 |                   |          |                         |          |            |          |               |          |               |          |             |          |              |          |
| Retail   | -                 | -        | 119,062                 | 124,661  | -          | -        | -             | -        | 5,673         | -        | -           | -        | 124,735      | 124,661  |
| Wholesale  | -                 | -        | -                       | -        | -          | -        | -             | -        | 104,067       | 52,914   | -           | -        | 104,067      | 52,914   |
| <b>Revenue from contracts with customers</b>         | -                 | -        | 119,062                 | 124,661  | -          | -        | -             | -        | 109,740       | 52,914   | -           | -        | 228,802      | 177,575  |

All of the Group's revenue from contracts with customers are recognised at a point in time.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3 to the Annual Report 2019. Segment result represents the profit earned/(loss suffered) by each segment without allocation of other income, certain other losses, central administrative costs, share option expenses to employees and eligible person other than employees, share of loss of associates/joint ventures, impairment loss on goodwill and finance costs. This is the measure reported by 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 business |          | Unallocated |          | Consolidated |          |
|-----------------------------------|-------------------|----------|-------------------------|----------|-------------|----------|---------------|----------|---------------|----------|-------------|----------|--------------|----------|
|                                   | 2019              | 2018     | 2019                    | 2018     | 2019        | 2018     | 2019          | 2018     | 2019          | 2018     | 2019        | 2018     | 2019         | 2018     |
|                                   | 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 |
| <b>ASSETS</b>                     |                   |          |                         |          |             |          |               |          |               |          |             |          |              |          |
| Segment assets                    | -                 | -        | 16,783                  | 19,093   | -           | 8,338    | 2,484         | 55,218   | 422,469       | 297,500  | -           | -        | 441,736      | 380,149  |
| Interests in associates           | -                 | 28,650   | -                       | -        | -           | -        | -             | -        | -             | -        | 4,071       | 10,539   | 4,071        | 39,189   |
| Loan to an associate              | 3,000             | 3,000    | -                       | -        | -           | -        | -             | -        | -             | -        | -           | -        | 3,000        | 3,000    |
| Amounts due from associates       | -                 | 574      | -                       | -        | -           | -        | -             | -        | -             | -        | 3           | -        | 3            | 574      |
| Amounts due from joint ventures   | -                 | -        | -                       | 168      | -           | -        | -             | -        | -             | -        | -           | -        | -            | 168      |
| Unallocated corporate assets      | -                 | -        | -                       | -        | -           | -        | -             | -        | -             | -        | 33,720      | 43,365   | 33,720       | 43,365   |
| Consolidated total assets         |                   |          |                         |          |             |          |               |          |               |          |             |          | 482,530      | 466,445  |
| <b>LIABILITIES</b>                |                   |          |                         |          |             |          |               |          |               |          |             |          |              |          |
| Segment liabilities               | 109               | 109      | 18,133                  | 22,901   | -           | -        | 45            | 45       | 8,149         | -        | -           | -        | 26,436       | 23,055   |
| Promissory notes                  | -                 | -        | -                       | -        | -           | -        | -             | -        | 44,995        | -        | 34,293      | 67,689   | 79,288       | 67,689   |
| Unallocated corporate liabilities | -                 | -        | -                       | -        | -           | -        | -             | -        | -             | -        | 17,850      | 28,314   | 17,850       | 28,314   |
| Consolidated total liabilities    |                   |          |                         |          |             |          |               |          |               |          |             |          | 123,574      | 119,058  |

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, certain right-of-use assets, investment properties, deferred tax assets, certain prepayments, deposits and other receivables certain amounts due from associates/joint ventures, income tax recoverable, certain 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, certain lease liabilities 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 (place of domicile) and the PRC.

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<br>external customers |                | Non-current assets ( <i>Note</i> ) |               |
|-------------------------------|------------------------------------|----------------|------------------------------------|---------------|
|                               | For the year ended                 |                | As at 31 December                  |               |
|                               | 31 December                        |                |                                    |               |
|                               | 2019                               | 2018           | 2019                               | 2018          |
|                               | HK\$'000                           | HK\$'000       | HK\$'000                           | HK\$'000      |
| Hong Kong (place of domicile) | 230,692                            | 184,834        | 59,922                             | 50,198        |
| PRC                           | —                                  | —              | —                                  | 28,650        |
|                               | <u>230,692</u>                     | <u>184,834</u> | <u>59,922</u>                      | <u>78,848</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 2019 and 2018.

## Other segment information

For the year ended 31 December 2019

|  | Catering<br>services<br><i>HK\$'000</i> | Food<br>products<br>operation<br><i>HK\$'000</i> | Investments<br><i>HK\$'000</i> | Money<br>lending<br><i>HK\$'000</i> | Wine<br>business<br><i>HK\$'000</i> | Unallocated<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--|---|--|--------------------------------|-------------------------------------|-------------------------------------|--------------------------------|---------------------------------|
| Amount included in the measure of<br>segment result or segment assets: |   |  |                                |                                     |                                     |                                |                                 |
| Additions to non-current assets ( <i>Note</i> )                        | -                                       | 1,352  | -                              | -                                   | 38,705                              | 60                             | 40,117                          |
| Depreciation   | -                                       | 730  | -                              | -                                   | 302                                 | 786                            | 1,818                           |
| Impairment loss on goodwill  | -                                       | -  | -                              | -                                   | 9,980                               | -                              | 9,980                           |
| Provision for impairment on loan<br>and interest receivables           | -                                       | -  | -                              | 85                                  | -                                   | -                              | 85                              |
| Provision for impairment on trade receivables                          | -                                       | -  | -                              | -                                   | 80                                  | -                              | 80                              |
| Loss on fair value of financial assets<br>at FVTPL, net                | -                                       | -  | 5,175                          | -                                   | 181                                 | -                              | 5,356                           |
| Gain on disposal of financial assets<br>at FVTPL, net                  | -                                       | -  | (7,771)                        | -                                   | -                                   | -                              | (7,771)                         |
|  | <u>-</u>                                | <u>1,352</u>                                     | <u>(7,771)</u>                 | <u>-</u>                            | <u>38,705</u>                       | <u>60</u>                      | <u>40,117</u>                   |

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

|                     |          |            |          |          |              |              |              |
|---------------------|----------|------------|----------|----------|--------------|--------------|--------------|
| Interest income     | (179)    | (2)        | -        | -        | (3)          | (7)          | (191)        |
| Finance costs       | -        | 226        | -        | -        | 3,375        | 4,694        | 8,295        |
| Income tax expenses | -        | 10         | -        | -        | 825          | -            | 835          |
|                     | <u>-</u> | <u>226</u> | <u>-</u> | <u>-</u> | <u>3,375</u> | <u>4,694</u> | <u>8,295</u> |

**For the year ended 31 December 2018**

|   | Catering<br>services<br><i>HK\$'000</i> | Food<br>products<br>operation<br><i>HK\$'000</i> | Investments<br><i>HK\$'000</i> | Money<br>lending<br><i>HK\$'000</i> | Wine<br>business<br><i>HK\$'000</i> | Unallocated<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|---|---|--|--------------------------------|-------------------------------------|-------------------------------------|--------------------------------|---------------------------------|
| Amount included in the measure of<br>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                             |
| Impairment loss on goodwill   | -                                       | 1,310  | -                              | -                                   | -                                   | -                              | 1,310                           |
| Reversal for impairment on loan<br>and interest receivables   | -                                       | -  | -                              | (4,000)                             | -                                   | -                              | (4,000)                         |
| Gain on fair value of financial assets<br>at FVTPL, net   | -                                       | -  | (5,263)                        | -                                   | -                                   | -                              | (5,263)                         |
| Loss on disposal of financial assets<br>at FVTPL, net   | -                                       | -  | 49,864                         | -                                   | -                                   | -                              | 49,864                          |
|   | <u>-</u>                                | <u>747</u>                                       | <u>(5,263)</u>                 | <u>(4,000)</u>                      | <u>-</u>                            | <u>12,520</u>                  | <u>13,267</u>                   |
| Amounts regularly provided to the CODM<br>but not included in the measure of<br>segment profit or loss or segment assets: |   |  |                                |                                     |                                     |                                |                                 |
| Interest income   | (181)                                   | -  | -                              | -                                   | -                                   | (6)                            | (187)                           |
| Finance costs   | -                                       | 196  | -                              | -                                   | -                                   | 1,117                          | 1,313                           |
| Income tax expenses   | -                                       | -  | -                              | -                                   | -                                   | -                              | -                               |
|   | <u>(181)</u>                            | <u>196</u>                                       | <u>-</u>                       | <u>-</u>                            | <u>-</u>                            | <u>1,117</u>                   | <u>1,313</u>                    |

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

#### 4. OTHER LOSSES, NET

|   | 2019<br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Gain on disposal of subsidiaries  | (1,510)                 | (1,109)                 |
| Gain on disposal of associates  | (1,286)                 | (66)                    |
| Gain on disposal of a joint venture                                     | (117)                   | (3,661)                 |
| Loss on disposal of property, plant and equipment                       | 5                       | –                       |
| Loss on written off of property plant and equipment                     | –                       | 6,185                   |
| Provision for (reversal of) impairment on loan and interest receivables | 85                      | (4,000)                 |
| Provision for impairment on trade receivables                           | 80                      | –                       |
| Impairment loss on goodwill   | 9,980                   | 1,310                   |
| Loss on written off of intangible asset                                 | –                       | 4,078                   |
| Impairment loss on amounts due from associates                          | 771                     | –                       |
| Impairment loss on amounts due from joint ventures                      | 26                      | 10,434                  |
| Loss on early redemption of promissory notes                            | 4,906                   | –                       |
|   | <u>12,940</u>           | <u>13,171</u>           |

#### 5. INCOME TAX EXPENSES

|                                 | 2019<br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i> |
|---------------------------------|-------------------------|-------------------------|
| Current income tax – Hong Kong: |                         |                         |
| Current year provision          | 824                     | –                       |
| Over provision in prior years   | (18)                    | –                       |
|                                 | <u>806</u>              | –                       |
| Deferred tax:                   |                         |                         |
| Charge for the year             | 29                      | –                       |
|                                 | <u>835</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 2019 and 2018 is calculated in accordance with the two-tiered profits tax regime.

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 subsidiary 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 2019 nor has any dividend been proposed since the end of the reporting period (2018: 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:

|  | <b>2019</b><br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i>   |
|--|--------------------------------|---------------------------|
| <b>Loss</b>  |                                |                           |
| Loss for the purpose of basic and diluted loss per share,<br>being loss for the year attributable to the owners of the Company | <u><u>(53,422)</u></u>         | <u><u>(97,367)</u></u>    |
|  | <b>2019</b>                    | 2018<br>(restated)        |
| <b>Number of shares</b>  |                                |                           |
| Weighted average number of ordinary shares for the purpose of<br>basic and diluted loss per share                              | <u><u>323,601,843</u></u>      | <u><u>213,023,940</u></u> |

The calculation of basic and diluted loss per share for the years ended 31 December 2019 and 2018 is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 31 December 2018 has been adjusted for the rights issue and the share consolidation on 21 August 2019 and 2 September 2019 respectively.

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 2019 and 2018.

## 8. LOAN AND INTEREST RECEIVABLES

|   | 2019<br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Fixed-rate loan receivables                         | 2,042                   | 54,056                  |
| Interest receivables                                | <u>699</u>              | <u>1,333</u>            |
|   | 2,741                   | 55,389                  |
| <i>Less: impairment allowance under ECL</i>         | <u>(257)</u>            | <u>(172)</u>            |
|   | <b><u>2,484</u></b>     | <b><u>55,217</u></b>    |
| Loan receivables analysed for reporting purpose as: |                         |                         |
| Non-current assets                                  | –                       | 4,460                   |
| Current assets                                      | <u>2,484</u>            | <u>50,757</u>           |
|   | <b><u>2,484</u></b>     | <b><u>55,217</u></b>    |

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 properties and equity securities 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 numbers of independent individuals and corporate entities and, 53% (2018: 98%) of the balances are secured by the collaterals as at 31 December 2019.

The loans provided to debtors bore fixed interest rate ranging from 3% to 36% (2018: 3% to 36%) per annum and will be repayable on maturity with a maturity period ranged from 1 month to 1 year (2018: 1 month to 5 years).

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

|                                       | <b>2019</b><br><b>HK\$'000</b> | 2018<br><i>HK\$'000</i> |
|---------------------------------------|--------------------------------|-------------------------|
| Within one year                       | <b>2,484</b>                   | 50,757                  |
| After one year but within two years   | –                              | 3,868                   |
| After two years but within five years | –                              | 592                     |
|                                       | <u>2,484</u>                   | <u>55,217</u>           |

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

|                                     | <b>2019</b><br><b>HK\$'000</b> | 2018<br><i>HK\$'000</i> |
|-------------------------------------|--------------------------------|-------------------------|
| At 1 January                        | <b>172</b>                     | 4,172                   |
| Provided (reversed) during the year | <b>85</b>                      | (4,000)                 |
|                                     | <u>257</u>                     | <u>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\$257,000 (2018: HK\$172,000) related to customers that are in severe financial difficulties.

## 9. TRADE RECEIVABLES

|                   | <b>2019</b><br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i> |
|-------------------|--------------------------------|-------------------------|
| Trade receivables | <u><b>44,573</b></u>           | <u>19,600</u>           |

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

|                | <b>2019</b><br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Within 30 days | <b>43,148</b>                  | 17,905                  |
| 31 – 60 days   | <b>1,146</b>                   | 1,304                   |
| 61 – 90 days   | <b>166</b>                     | 259                     |
| Over 90 days   | <u><b>113</b></u>              | <u>132</u>              |
|                | <u><b>44,573</b></u>           | <u>19,600</u>           |

The Group does not hold any collateral over its trade receivables.

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

## 10. TRADE PAYABLES

|                | <b>2019</b><br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Trade payables | <u><b>9,179</b></u>            | <u>5,786</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:

|                | <b>2019</b><br><i>HK\$'000</i> | 2018<br><i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Within 30 days | <b>8,069</b>                   | 5,023                   |
| 31 – 60 days   | <b>898</b>                     | 727                     |
| Over 60 days   | <u><b>212</b></u>              | <u>36</u>               |
|                | <u><b>9,179</b></u>            | <u>5,786</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 business.

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

The revenue of food products operation had a decrement from approximately HK\$124.66 million for the Last Year to approximately HK\$119.06 million for the Year.

The revenue of the food products operation recorded a decrease of approximately 4% for the Year, primarily due to the decrease in the number of concessionaire stores and rise in the food cost, staff cost and other operating costs. As a result, the segment loss increases to approximately HK\$2.67 million for the Year compare with approximately HK\$1.30 million for the Last Year.

### ***Securities Investment Business***

As at 31 December 2019, the Group had a portfolio of securities investment of approximately HK\$ Nil (2018: HK\$8.34 million). During the Year, the Group recorded an unrealised loss of approximately HK\$5.18 million (2018: unrealised gain of approximately HK\$5.26 million) and a net realised gain of approximately HK\$7.77 million (2018: net realised loss of approximately HK\$49.86 million) from its entire securities investment.

### ***Money Lending Business***

The Group's money lending business was strinked during the year. It generated interest income of approximately HK\$1.89 million (2018: HK\$7.23 million). The Group recorded a decrease in segment profit to approximately HK\$1.65 million (2018: HK\$10.35 million).

As at 31 December 2019, an aggregate loan of approximately HK\$585.07 million (31 December 2018: HK\$560.75 million) with effective interest rate ranging from 3% to 36% per annum (31 December 2018: 3% to 36% per annum) had been built up by the Group. As at 31 December 2019, the outstanding loan receivables of the Group amounted to approximately HK\$2.04 million (31 December 2018: HK\$54.06 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.

As a result of the abovementioned factors, the Group recognised a share of loss of Lucky Dessert Group of approximately HK\$28.60 million (2018: HK\$19.19 million) for the Year, of which approximately HK\$24.81 million (2018: HK\$14.54 million) and HK\$4.63 million (2018: HK\$4.48 million) represented the impairment and amortisation of the trademarks licensing rights, after netting off against the corresponding deferred tax credit of approximately HK\$9.81 million (2018: HK\$6.34 million) in aggregate.

As at 31 December 2019, the Lucky Dessert Group had nine (2018: six) dessert catering restaurants which were operated by local business partners in Shanghai, Haikou, Wuxi and Shenzhen. The management will continue to look for potential local partners for developing the restaurant network.

## ***Wine Business***

Wine industry in Hong Kong has been developed for years. With the help of the removal of all wine duties by the Hong Kong government in 2008 and the support of a significant pool of experienced wine merchants with good wine knowledge and international trade experience, Hong Kong has further developed into a wine trading and distribution centre for the region. According to the Hong Kong Trade Development Council Research Report on 17 September 2019, which provided statistical data for the previous year of 2018, and data from statista, wine sales in Hong Kong amounted to United States Dollars 646 million or 33.7 million liters in 2018, up 6.1% and 2.4%, respectively, per annum in the past five years. For 2019 to 2023, it is forecasted to grow 4.4% per annum in value terms and 1.6% per annum in volume terms.

The Group has expanded its business to wine business with an aim to take advantage of the steady growth of the wine industry. The Board believes the development of the wine business represents a good opportunity for the Group to further develop its distribution and catering business and will help diversify the Group's businesses.

The Group completed the acquisition of Palinda Holding Group Limited and its wholly owned subsidiary, Palinda Wines (H.K.) Limited (“Palinda HK”) (collectively referred to as the “Palinda Group”) on 22 January 2019. The Palinda Group is principally engaged in trading of wine products in Hong Kong. The acquisition can further strengthen its sales capability in wine business with an aim to take advantage of the steady growth of the wine industry. Pursuant to the sale and purchase agreement of acquisition of Palinda Group, the vendor has irrevocably and unconditionally guaranteed to the purchaser that the audited net profit after tax of Palinda HK for the year ended 31 March 2019 as shown on its audited financial statements is not less than HK\$10 million (the “Guaranteed Profit”). The Guaranteed Profit has been achieved for the year ended 31 March 2019 in accordance with the audited financial statements of Palinda HK.

On 4 October 2019, the Group entered into a sale and purchase agreement with an independent third party for the acquisition 100% of issued share capital of Win Everest Holdings Limited and its wholly owned subsidiary (collectively referred to as the “Win Everest Group”) which engaged in supply of self-cultivated grapes for winery business and has a vineyard located in Margaret River region in Australia. Details of the acquisition were set out in the Company’s announcements dated 4 October 2019, 29 November 2019 and 3 January 2020 and the circular of the Company dated 5 December 2019.

The Group’s wine are mainly from various reputable vineyards and wineries from Australia, with a focus on the red wine as the major product. During the Year, the wine business operation has recorded revenue and achieved positive results of approximately HK\$109.74 million with a segment profit of approximately HK\$10.27 million compare with approximately HK\$52.91 million and approximately HK\$3.04 million respectively for the Last Year.

## **Financial Review**

During the Year, the Group’s revenue amounted to approximately HK\$230.69 million which was approximately 25% higher than that of the Last Year. The increment was mainly due to the rise in revenue from wine business, generating revenue of approximately HK\$109.74 million for the Year (2018: approximately HK\$52.91 million).

Loss attributable to the owners of the Company was approximately HK\$53.42 million for the Year, an improved loss as compared to the loss of approximately HK\$97.37 million for the Last Year. Such loss was improved mainly attributable to (i) the net realised gain from financial assets at FVTPL to approximately HK\$7.77 million (2018: net realised loss approximately HK\$49.86 million); (ii) increase in segment profit from wine business to approximately HK\$10.27 million (2018: approximately HK\$3.04 million); (iii) the decrease in commission expenses to supermarket chains for concessionaire stores to approximately HK\$23.69 million (2018: approximately HK\$26.44 million); (iv) none to share of loss of joint ventures (2018: approximately HK\$3.84 million) and impairment loss on amounts due from joint ventures to approximately HK\$0.03 million (2018: approximately HK\$10.43 million); and (v) none of written off property plant and equipment (2018: approximately HK\$6.19 million). However, the impact was also counteracted by (i) the net unrealised loss from financial assets at FVTPL to approximately HK\$5.36 million (2018: net unrealised gain approximately HK\$5.26 million); (ii) the increase in the share of loss of associates to approximately HK\$32.36 million (2018: approximately HK\$19.19 million); (iii) the increase in loss on early redemption of promissory notes to approximately HK\$4.91 million (2018: Nil); (iv) the increase in impairment loss on goodwill to approximately HK\$9.98 million (2018: HK\$1.31 million) and (v) the increase in finance cost to approximately HK\$8.30 million (2018: approximately HK\$1.31 million).

The cost of inventories consumed for the Year amounted to approximately HK\$51.69 million (2018: HK\$53.67 million) which was approximately 4% lower than that of the Last Year. The cost of inventories consumed in food products operation was approximately 43% (2018: 43%) of the Group's revenue on food products operation for the Year. The cost of sales in wine business for the Year amounted to approximately HK\$90.25 million (2018: HK\$48.62 million). The cost of sales in wine business was approximately 82% (2018: 92%) of the Group's revenue on wine business 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 business in the future.

Employee benefits expenses for the Year amounted to approximately HK\$44.34 million (2018: HK\$45.58 million). The decrease was mainly due to decrease in number of concessionaire stores in food products operation which was counteracted by the new recruitment for developing the Group's wine business, 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 businesses and broaden its source of income.



In view of the positive results in wine business segment for the Year and the prospect of the wine industry in Hong Kong, the development of the wine business 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 business with an aim to take advantage of the steady growth in the wine business 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 business segment. The Group is in the view that it may benefit the development of the existing wine business by expanding the customer base, addition to wine supply channels and acquisition of staff with relevant skill sets and connections in the wine business 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 monitor the credit risk, economic risk and industry risk with most balanced risk and return potential in 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.

Since the beginning of January 2020, COVID-19 outbreak has adversely affected to the global business environment especially in Hong Kong and Mainland China. The outlook remains uncertain and the Management will continue to monitor the situation closely. Depending on the duration of the disruption caused by COVID-19 outbreak, the results could be adversely affected by lower revenue and economic slowdown. The management will keep continuous attention on the situation of the COVID-19 outbreak and react actively to its impact on the financial position and operating results of the Group.

## **DIVIDENDS**

No dividend was paid or proposed by the Company during the year ended 31 December 2019 nor has any dividend been proposed since the end of the reporting period (2018: 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**

- (a) On 4 October 2019, the Group and an independent third party entered into a sale and purchase agreement to acquire the entire equity interest in and the shareholder's loan due by Win Everest Holdings Limited ("Win Everest"), which own the entire equity interest in Adinfern Margaret River Pty Ltd ("Adinfern"), a company incorporated in Australia with limited liability (collectively referred to as the "Win Everest Group"). Adinfern is principally engaged in the operation of a vineyard, winemaking and trading of grape and wine products in Australia. The aggregate consideration for the acquisition of Win Everest is HK\$60,000,000, satisfied by (i) HK\$5,000,000 refundable deposit and being part payment of the consideration, (ii) issue and allotment of 63,000,000 consideration shares of the Company upon completion, and (iii) issue of promissory note with principal amount of HK\$37,360,000.

The acquisition of Win Everest was completed on 3 January 2020, and the consideration shares and promissory note were issued on the same date.

The acquisition is to be accounted for as a business combination in accordance with HKFRS 3 *Business Combinations*. Up until the date on which these consolidated financial statements were authorised for issue, the directors are still in the process of determining the fair values of the identifiable assets and liabilities of the Win Everest Group.

- (b) Food Idea Group Limited, a wholly owned subsidiary of the Group, entered into two sets of sale and purchase agreement to disposal of the entire equity interest in and sale loans of, Eternity Rise Investments Limited and Eternity Rise Property Limited, two wholly owned subsidiaries of the Group, at considerations of HK\$16,800,000 and HK\$11,200,000 respectively. The considerations are payable upon completion of the disposal and the directors expected that the disposal will be completed in April 2020.

- (c) On 28 February 2020, the Company entered into a placing agreement with a placing agent in relation to the placing of maximum of 55,320,000 ordinary shares of the Company (the “Placing Shares”) at the placing price of HK\$0.18 per share. Details of the placing of Placing Shares are set out in the Company’s announcement dated 28 February 2020.
- (d) After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which these financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

## **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 except:

Under the code provision A.2.1 of the CG Code, the role of chairman and chief executive (“CEO”) should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Subsequent to the resignation of former CEO, the post has been vacant as at 31 December 2019, the Board will keep reviewing the current structure of the Board from time to time and the Company will make appointment with suitable knowledge, skill and experience to fill the post of the CEO as appropriate.

Details of the Company’s corporate governance practices are set out in the “Corporate Governance Report” section of the 2019 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 2019, the Audit Committee consists of three independent non-executive Directors, namely Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, B.B.S.. Mr. Li Lap Keung was the chairman of the Audit Committee. During the Year, (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.

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**  
**Huang Wei**  
*Chairlady and executive Director*

Hong Kong, 25 March 2020

*As at the date of this announcement, the Board of the Company comprises Ms. Huang Wei and Mr. Dou Sheng 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>.*