

Interim Report 2020

新煮意控股有限公司 Food Idea Holdings Limited

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



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

CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. Huang Wei (*Chairlady*)

Mr. Dou Sheng

Independent non-executive Directors

Mr. Li Lap Keung

Mr. So Yat Chuen

Dr. Wu Wing Kuen, *B.B.S.*

Compliance Officer

Ms. Huang Wei

Authorised Representatives

Ms. Huang Wei

Mr. Chung Man Wai, Stephen

Company Secretary

Mr. Wong, Andy Tze On

(appointed 5 August 2020)

Mr. Chung Man Wai, Stephen

(resigned 5 August 2020)

Audit Committee Members

Mr. Li Lap Keung (*Chairman*)

Mr. So Yat Chuen

Dr. Wu Wing Kuen, *B.B.S.*

Remuneration Committee Members

Mr. So Yat Chuen (*Chairman*)

Mr. Li Lap Keung

Dr. Wu Wing Kuen, *B.B.S.*

Nomination Committee Members

Mr. So Yat Chuen (*Chairman*)

Mr. Li Lap Keung

Dr. Wu Wing Kuen, *B.B.S.*

Auditor

Elite Partners CPA Limited

Certified Public Accountants

Principal Bankers

Industrial and Commercial Bank of

China (Asia) Limited

Shanghai Commercial Bank Limited

Registered Office

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Head Office, Headquarter and Principal Place of Business in Hong Kong

Unit 306-A201, 3/F.

Harbour Centre, Tower 1

1 Hok Cheung Street

Hunghom, Kowloon

Hong Kong

Hong Kong Share Registrars and Transfer Office

Union Registrars Limited

Suites 3301-04, 33/F.

Two Chinachem Exchange Square

338 King's Road, North Point, Hong Kong

Company Website

www.foodidea.com.hk

GEM Stock Code

8179

HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2020 decreased by approximately 10.1% to approximately HK\$88.3 million (2019: HK\$98.3 million).
- Loss for continuing operations attributable to the owners of the Company for the six months ended 30 June 2020 was approximately HK\$9.8 million (2019: HK\$4.3 million).
- Basic loss per share for continuing operations for the six months ended 30 June 2020 was approximately HK2.06 cents (2019: HK0.16 cent).

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 June 2020 (the “Interim Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2019, as follows:

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

For the three months and six months ended 30 June 2020

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Continuing operations					
Revenue	6	30,962	52,658	88,347	98,359
Other income		859	289	1,188	544
Cost of inventories consumed		(7,165)	(15,105)	(18,920)	(25,507)
Cost of sales		(11,702)	(15,810)	(37,917)	(29,428)
Employee benefits expenses		(8,889)	(11,036)	(18,700)	(22,809)
Depreciation		(648)	(431)	(1,329)	(862)
Other gain/(losses), net	7	3,634	1,461	(312)	1,461
Operating lease rentals and related expenses		(676)	(1,134)	(1,387)	(2,102)
Utilities expenses		(176)	(213)	(386)	(454)
Gain on fair value change of financial assets at fair value through profit or loss, net		–	4,082	–	4,312
Share option expenses		(1,629)	–	(1,629)	(2,979)
General administrative expenses		(6,410)	(9,747)	(15,142)	(19,520)
Finance costs	8	(2,279)	(2,637)	(4,401)	(3,858)
(Loss)/profit before tax from continuing operations	9	(4,119)	2,377	(10,588)	(2,843)
Income tax credit/(expenses)	10	29	(2,013)	57	(2,020)
(Loss)/profit for the period from continuing operations		(4,090)	364	(10,531)	(4,863)
Discontinued operation	23				
Loss for the period from discontinued operation		–	(1,289)	–	(2,520)
Loss for the period		(4,090)	(925)	(10,531)	(7,383)
Other comprehensive (expenses) income for the period:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations from continuing operations		5,678	(1)	(1,118)	97
Share of foreign currency translation reserve of an associate from continuing operations		–	(759)	–	42
		5,678	(760)	(1,118)	139
Total comprehensive expenses for the period		1,588	(1,685)	(11,649)	(7,244)

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

For the three months and six months ended 30 June 2020

Note	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
(Loss)/profit for the period from continuing operations attributable to:				
Owners of the Company	(2,804)	554	(9,844)	(4,298)
Non-controlling interests	(1,286)	(190)	(687)	(565)
	(4,090)	364	(10,531)	(4,863)
Loss for the period from discontinued operation attributable to:				
Owners of the Company	-	(1,289)	-	(2,520)
Non-controlling interests	-	-	-	-
	-	(1,289)	-	(2,520)
Loss for the period attributable to:				
Owners of the Company	(2,804)	(735)	(9,844)	(6,818)
Non-controlling interests	(1,286)	(190)	(687)	(565)
	(4,090)	(925)	(10,531)	(7,383)
Total comprehensive expenses for the period attributable to:				
Owners of the Company	2,874	(1,495)	(10,962)	(6,679)
Non-controlling interests	(1,286)	(190)	(687)	(565)
	1,588	(1,685)	(11,649)	(7,244)
(Loss)/profit per share				
From continuing operations				
- Basic and diluted (HK cents per share)	(0.59)	0.02	(2.06)	(0.16)
From discontinued operation				
- Basic and diluted (HK cents per share)	-	(0.05)	-	(0.09)
From continuing and discontinued operations				
- Basic and diluted (HK cents per share)	(0.59)	(0.03)	(2.06)	(0.25)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

		As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	13	65,313	1,226
Right-of-use assets		787	1,945
Investment properties	13	—	25,488
Goodwill		24,360	27,192
Interests in associates	14	—	4,071
Rental deposits		97	205
		90,557	60,127
Current assets			
Inventories	16	318,817	307,990
Loan and interest receivables	15	—	2,484
Trade receivables	17	55,205	44,573
Loan to an associate	14	—	3,000
Amounts due from associates	14	—	3
Prepayments, deposits and other receivables		68,943	60,274
Income tax recoverable		1,917	—
Bank balances and cash		5,570	4,079
		450,452	422,403

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

		As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
	Notes		
Current liabilities			
Trade payables	18	3,408	9,179
Other payables, accruals and deposits received	18	10,307	16,559
Income tax payable		—	1,633
Borrowings	19	10,746	14,981
Promissory notes		2,449	5,147
Lease liabilities		656	1,082
		27,566	48,581
Net current assets		422,886	373,822
Total assets less current liabilities		513,443	433,949
Non-current liabilities			
Borrowings	19	59,747	—
Promissory notes		66,105	74,141
Lease liabilities		66	852
Deferred tax liabilities		14,882	—
		140,800	74,993
Net assets		372,643	358,956
Capital and reserves			
Share capital	20	53,325	41,493
Reserves		321,367	318,825
		374,692	360,318
Equity attributable to owners of the Company		(2,049)	(1,362)
Non-controlling interests			
Total equity		372,643	358,956

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2020

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Shares options reserve HK\$'000	Capital reserve HK\$'000 Note (i)	Other reserve HK\$'000 Note (ii)	Foreign currency translation reserve HK\$'000	Accumulated loss HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2020	41,493	663,838	-	106	(182)	(8,605)	(338,332)	360,318	(1,362)	358,956
Loss for the period	-	-	-	-	-	-	(9,844)	(9,844)	(687)	(10,531)
Other comprehensive expenses for the period										
Exchange differences arising on transaction of foreign operations	-	-	-	-	-	(1,118)	-	(1,118)	-	(1,118)
Total comprehensive expenses for the period	-	-	-	-	-	(1,118)	(9,844)	(10,962)	(687)	(11,649)
Recognition of equity-settled share based payments	-	-	1,629	-	-	-	-	1,629	-	1,629
Issue of new shares by placing	5,532	4,425	-	-	-	-	-	9,957	-	9,957
Share issuing expenses	-	(110)	-	-	-	-	-	(110)	-	(110)
Issue of consideration shares	6,300	7,560	-	-	-	-	-	13,860	-	13,860
Balance at 30 June 2020	53,325	675,713	1,629	106	(182)	(9,723)	(346,176)	374,692	(2,049)	372,643
Balance at 1 January 2019	21,279	618,040	1,276	106	(182)	(8,614)	(282,910)	348,995	(1,608)	347,387
Loss for the period	-	-	-	-	-	-	(6,818)	(6,818)	(565)	(7,383)
Other comprehensive expenses for the period										
Exchange differences arising on transaction of foreign operations	-	-	-	-	-	97	-	97	-	97
Share of foreign currency translation reserve of an associate	-	-	-	-	-	42	-	42	-	42
Total comprehensive expenses for the period	-	-	-	-	-	139	(6,818)	(6,679)	(565)	(7,244)
Recognition of equity-settled share based payment	-	-	2,979	-	-	-	-	2,979	-	2,979
Issue of shares upon exercise of share options	2,128	12,546	(4,255)	-	-	-	-	10,419	-	10,419
Issue of consideration shares	4,255	14,044	-	-	-	-	-	18,299	-	18,299
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	132	132
Disposal of subsidiaries	-	-	-	-	-	-	-	-	25	25
Balance at 30 June 2019	27,662	644,630	-	106	(182)	(8,475)	(289,728)	374,013	(2,016)	371,997

Notes:

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash flows used in operating activities	(36,136)	(25,261)
Net cash (used in)/generated from investing activities	(18,061)	15,697
Net cash generated from financing activities	57,124	29,815
Net increase in cash and cash equivalents	2,927	20,251
Effect of foreign exchange rate changes	(28)	97
Cash and cash equivalents at beginning of period	(1,822)	(1,658)
	1,077	18,690
Cash and cash equivalents at end of period		
Bank balances and cash	5,570	29,418
Bank overdrafts	(4,493)	(10,728)
	1,077	18,690

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

2. BASIS OF PREPARATION

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

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those adopted in the annual report for the year ended 31 December 2019 (the "2019 Annual Report"), except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which are effective for the financial year begin on or after 1 January 2020. The adoption of the new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared or presented. Accordingly, no prior period adjustment has been required. The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2019 Annual Report.

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

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted the following new and revised HKFRSs, which are effective for the Group's current accounting period.

Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

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

The Group has not applied the following new and revised HKFRSs, that have been issued, but are not yet effective, in these financial information:

HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ³

¹ *Effective for annual periods beginning on or after 1 June 2020*

² *Effective for annual periods beginning on or after 1 January 2021*

³ *Effective for annual periods beginning on or after 1 January 2022*

⁴ *Effective for annual periods beginning on or after a date not yet determined*

⁵ *Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022*

The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application but is not yet in a position to conclude whether these new and revised HKFRSs would have a significant impact on the Group's result of operation and financial position.

4. ESTIMATES

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2019 Annual Report.

5. SEGMENT INFORMATION

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

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

Wine trading	–	The trading of wine
Food products operation	–	The production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei
Investments	–	Investment in securities
Money lending	–	The provision of money lending business

Segment turnover, revenue and results

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of other income, certain other losses, central administrative costs, share option expenses, share of results from associates / joint ventures and finance costs. This is the measure reported to CODM for purposes of resource allocation and performance assessments.

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

	Continuing operations				Discontinued operation	Unallocated	Consolidated
	Wine trading HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Catering services HK\$'000 (Unaudited)		
For the 2020 Interim							
SEGMENT TURNOVER	42,247	46,051	-	49	-	-	88,347
SEGMENT REVENUE	42,247	46,051	-	49	-	-	88,347
RESULTS							
Segment results	(417)	(2,500)	-	(43)	-	-	(2,960)
Unallocated income	-	-	-	-	-	4,943	4,943
Unallocated corporate expenses	-	-	-	-	-	(6,541)	(6,541)
Share options expenses	-	-	-	-	-	(1,629)	(1,629)
Finance costs	-	-	-	-	-	(4,401)	(4,401)
Loss before tax							(10,588)
As at 30 June 2020							
ASSETS							
Segment assets	493,686	6,947	-	-	-	40,376	541,009
LIABILITIES							
Segment liabilities	67,877	11,258	-	45	-	89,186	168,366

	Continuing operations				Discontinued operation		
	Wine trading	Food products operation	Investments	Money lending	Catering services	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
For the 2019 Interim							
SEGMENT TURNOVER	36,744	60,676	–	939	–	–	98,359
SEGMENT REVENUE	36,744	60,676	–	939	–	–	98,359
RESULTS							
Segment results	3,412	(781)	4,312	526	(24)	–	7,445
Unallocated income	–	–	–	–	–	2,079	2,079
Unallocated corporate expenses	–	–	–	–	–	(5,554)	(5,554)
Share options expenses	–	–	–	–	–	(2,979)	(2,979)
Share of loss of associates	–	–	–	–	(2,496)	–	(2,496)
Share of loss of joint ventures	–	–	–	–	–	–	–
Finance costs	–	–	–	–	–	(3,858)	(3,858)
Loss before tax							(5,363)

As at 31 December

	Continuing operation			Discontinued operation		
	Wine business	Food products operation	Investments	Money lending	Catering services	Unallocated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
ASSETS						
Segment assets	422,469	16,783	-	2,484	-	-
Interests in associates	-	-	-	-	-	4,071
Loan to an associate	-	-	-	-	3,000	-
Amounts due from associates	-	-	-	-	-	3
Unallocated corporate assets	-	-	-	-	-	33,720
Consolidated total assets						482,530
LIABILITIES						
Segment liabilities	8,149	18,133	-	45	109	-
Promissory notes	44,995	-	-	-	-	34,293
Unallocated corporate liabilities	-	-	-	-	-	17,850
Consolidated total liabilities						123,574

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 interests in associates/joint ventures, deposits, deferred tax assets, income tax recoverable, certain amounts due from associates / joint ventures, 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, 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) and Australia.

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

The operation in Australia was acquired on 3 January 2020 thus most revenue from external customers of the Group are derived in Hong Kong for the 2020 Interim and 2019 Interim.

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 (Note)	
	For the six months ended 30 June		As at 30 June 2020	As at 31 December 2019
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Audited)
Continuing operations				
Hong Kong (place of domicile)	87,715	98,359	26,176	59,922
Australia	632	—	64,284	—
Discontinued operation	—	—	—	—
	88,347	98,359	90,460	59,922

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

Information about major customers

Revenue from customer of the corresponding period contributing over 10% of the total revenue of the Group is as follows:

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Customer A	–	–

Notes: Revenue from the above customer was derived from the segment of wine trading.

6. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Continuing operations				
Revenue from:				
Wine trading	13,012	19,864	42,247	36,744
Food production	17,950	32,066	46,051	60,676
Money lending services	–	728	49	939
	30,962	52,658	88,347	98,359

7. OTHER GAIN/(LOSSES), NET

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Continuing operations				
Gain on disposal of subsidiaries	6,972	1,465	6,972	1,465
Gain on disposal of an associate	1	–	1	–
Impairment loss on goodwill	(3,218)	–	(3,218)	–
Loss on disposal of property, plant and equipment	(121)	–	(121)	–
Loss on early redemption of promissory note	–	–	(3,946)	–
Written off of property, plant and equipment	–	(4)	–	(4)
	3,634	1,461	(312)	1,461

8. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Continuing operations				
Interests on borrowings	980	278	1,393	548
Promissory note	1,299	2,359	3,008	3,310
	2,279	2,637	4,401	3,858

9. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
(Loss)/profit before tax from continuing operations has been arrived at after charging the following:				
Operating lease rentals in respect of rented premises	676	1,057	1,387	1,992

10. INCOME TAX (CREDIT)/EXPENSES

Continuing operations

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current income tax	–	2,013	–	2,020
Deferred income tax	(29)	–	(57)	–
	(29)	2,013	(57)	2,020

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. Under the two-tiered profits tax rate regime, the first HK\$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.

11. (LOSS)/PROFIT PER SHARE

From continuing operations

The calculation of the basic and diluted (loss)/profit per share attributable to the owners of the Company from continuing operations is based on the following data:

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
(Loss)/profit for the purpose of basic and diluted loss per share, being (loss)/profit for the period from continuing operations attributable to owners of the Company	(2,804)	554	(9,844)	(4,298)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	477,155,000	2,766,208,000	477,155,000	2,680,154,000
(Loss)/profit per share from continuing operations				
– Basic and diluted	(0.59)	0.02	(2.06)	(0.16)

From discontinued operation

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

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Loss for the purpose of basic and diluted loss per share, being loss for the period from discontinued operation attributable to owners of the Company	-	(1,289)	-	(2,520)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	477,155,000	2,766,208,000	477,155,000	2,680,154,000
Loss per share from discontinued operation				
– Basic and diluted	-	(0.05)	-	(0.09)

From continuing and discontinued operation

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

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited) (Restated)
Loss for the purpose of basic and diluted loss per share, being loss for the period from continuing and discontinued operation attributable to the owners of the Company	(2,804)	(735)	(9,844)	(6,818)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	477,155,000	2,766,208,000	477,155,000	2,680,154,000
Loss per share from continuing and discontinued operation				
– Basic and diluted	(0.59)	(0.03)	(2.06)	(0.25)

Diluted loss per share for the three months ended 30 June 2019 and 30 June 2020, the 2019 Interim were the same as the basic loss per share as there was no dilutive potential ordinary shares outstanding.

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 2020 Interim.

12. DIVIDEND

The Board does not recommend the payment of an interim dividend for the 2019 Interim and 2020 Interim.

13. PROPERTY, PLANT AND EQUIPMENT / INVESTMENT PROPERTIES

During the 2020 Interim, additions of property, plant and equipment amounted to approximately HK\$Nil (for the year ended 31 December 2019: HK\$244,000) and property, plant and equipment with aggregate carrying values of approximately HK\$64,284,000 (for the year ended 31 December 2019: HK\$Nil) were acquired by the Group through acquisition of subsidiaries.

During the 2020 Interim, investment properties with aggregate carrying values of approximately HK\$25,488,000 (2019 Interim: HK\$12,069,000) were disposed of by the Group through the disposal of subsidiaries.

14. INTERESTS IN ASSOCIATES / LOAN TO / AMOUNTS DUE FROM ASSOCIATES

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Cost of unlisted investment in an associate	—	100,479
Share of post-acquisition loss and other comprehensive expenses	—	(96,226)
Share of other reserve (<i>Note</i>)	—	(182)
Transfer from investment in joint ventures	—	—
	—	4,071

Note: Amount represented transactions between the associates and non-controlling interests of their subsidiaries.

The loan to an associate is unsecured, bearing interest of 1% plus the best lending rate of The Hongkong and Shanghai Banking Corporation Limited as at the date of drawn down and repayable on 29 April 2020.

The amounts due from associates under current assets are unsecured, interest-free and repayable on demand.

The amount due from an associate under non-current assets is unsecured, interest-free and expected to be recovered in more than twelve months from the end of the reporting period.

The associate is disposed during the 2020 Interim and incurred gain on disposal of approximately HK\$1,000 included in other gain/(losses), net (*Note* 7).

15. LOAN AND INTEREST RECEIVABLES

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Fixed-rate loan receivables	–	2,042
Interest receivables	–	699
	–	2,741
Less: impairment allowance under ECL	–	(257)
	–	2,484
Loan receivables analysed for reporting purpose as:		
Non-current assets	–	–
Current assets	–	2,484
	–	2,484

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 abilities, collaterals as well as the general economic trends.

The loans provided to debtors bore fixed interest rate ranging from 3% to 36% per annum for the year ended 31 December 2019 and will be repayable on maturity with a maturity period ranged from 1 month to 5 years. The outstanding loan and the interest receivable is fully disposed through the disposal of a wholly owned subsidiary during the year.

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Within one year	–	2,484
After one year but within two years	–	–
After two years but within five years	–	–
	–	2,484

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

	2020 HK\$'000
At 1 January	257
Reversal for the period	(257)
At 30 June	–

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\$Nil (31 December 2019: HK\$257,000) related to a customer that is in severe financial difficulties.

16. INVENTORIES

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Food and beverage	268	377
Wine	318,549	307,613
	318,817	307,990

17. TRADE RECEIVABLES

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Within 30 days and neither past due nor impaired	16,312	43,148
31 – 60 days	5,823	1,146
61 – 90 days	7,127	166
Over 90 days	25,943	113
	55,205	44,573

Included in the Group's trade receivables balance were receivables of approximately HK\$Nil (31 December 2019: HK\$80,000) that were past due as at 30 June 2020 for which the Group has not provided for impairment loss based on the assessment by the management.

The Group allows a credit period ranging from 30 to 90 days to its trade customers. Credit limits attributed to customers are reviewed periodically but were extended in view of the recent coronavirus pandemic situation. The fact that the Group's trade receivables relate to a number of diversified customers with proven payment track records, management believes there is no significant credit risk concern. The Group does not hold any collateral or other credit enhancements over its trade and other receivable balances. Trade receivables are non-interest bearing.

The ageing analysis of trade receivables which are past due but not impaired is set out below:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
1 – 30 days	16,312	43,148
31 – 60 days	5,823	1,146
Over 60 days	33,070	279
	55,205	44,573

18. TRADE PAYABLES, OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Trade payables	3,408	9,179
Other payables	—	4,355
Accruals	10,005	9,651
Deposits received	302	2,553
	10,307	16,559
	13,715	25,738

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 the reporting period:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Within 30 days	2,651	8,069
31 – 60 days	241	898
Over 60 days	516	212
	3,408	9,179

19. BORROWINGS

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Borrowings		
Instalment loans	66,000	9,080
Bank overdrafts	4,493	5,901
	70,493	14,981

As at 30 June 2020, the facility agreements of instalment loans and bank overdrafts contained repayment on demand clauses pursuant to which the banks could at their discretion demand repayment of the entire outstanding balances from the Group in the absence of any defaults.

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Carrying amount (shown under current liabilities) of the Group's borrowings that contain repayable on demand clause based on scheduled repayment terms:		
– Within one year	10,746	6,325
– After one year but within two years	59,747	434
– After two years but within five years	–	1,359
– More than five years	–	6,863
	70,493	14,981

Instalment loans carrying interest at the lower of one month Hong Kong Interbank Offered Rate ("HIBOR") plus 1.35% or the best lending rate of the bank ("BLR") minus 3.1% per annum.

Bank overdrafts carrying interest at the BLR minus 2.5% per annum.

The effective interest rate at the end of the reporting period is as follows:

	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Instalment loans	3.25% – 7.9%	2.15%
Bank overdrafts	2.5%	2.50%

As at 30 June 2020, the Group had aggregate banking facilities of approximately HK\$76,000,000 (31 December 2019: HK\$15,000,000), of which the available facilities were fully utilized amounting to HK\$70,493,000 (31 December 2019: HK\$14,981,000). These banking facilities are secured by:

- (a) As at 30 June 2020 and 31 December 2019, investment properties with carrying value of approximately HK\$25,828,000 and their respective rental income generated;
- (b) As at 30 June 2020 and 30 December 2019, unlimited guarantees from a non-controlling shareholder and a director of a subsidiary;
- (c) As at 30 June 2020 and 31 December 2019, unlimited guarantee from a wholly owned subsidiary of the Group and unlimited guarantee from a non-wholly owned subsidiary of the Group.

20. SHARE CAPITAL

	Nominal value	Number of shares	Share capital HK\$'000
Authorised			
Ordinary shares			
At 31 December 2019 and 30 June 2020	0.1	1,000,000,000	100,000
Issued and fully paid			
Ordinary shares			
At 1 January 2019	0.01	2,127,854,643	21,279
Issue of shares upon exercise of share options (<i>Note (i)</i>)	HK\$0.01	212,785,460	2,128
Issue of consideration shares (<i>Note (ii)</i>)	HK\$0.01	425,568,000	4,255
Issue of shares under rights issue (<i>Note (iii)</i>)	HK\$0.01	461,434,040	4,614
Placing of unsubscribed rights shares (<i>Note (iii)</i>)	HK\$0.01	921,670,005	9,217
Share consolidation (<i>Note (iv)</i>)	N/A	(3,734,380,934)	–
At 31 December 2019 and 1 January 2020	0.1	414,931,214	41,493
Issue of consideration shares (<i>Note (v)</i>)	0.1	63,000,000	6,300
Issue of shares upon placement of shares (<i>Note (vi)</i>)	0.1	55,320,000	5,532
At 30 June 2020	0.1	533,251,214	53,325

- (i) During the year ended 31 December 2019, 148,949,822 share options and 63,835,638 share options had been exercised by holders of the share options at exercise price of HK\$0.042 per option and HK\$0.0652 per option, respectively to subscribe for 212,785,460 ordinary shares of the Company at a total aggregated consideration of approximately HK\$10,419,000. Details of the share options are set out in note 23 to the consolidated financial statements.
- (ii) On 22 January 2019, the Company issued 425,568,000 ordinary shares to Ms. Huang Wei, being the vendor for the acquisition of Palinda Holding (who was appointed as executive director of the Company subsequent to the acquisition of Palinda Holding on 12 August 2019), as part of the consideration for the acquisition of Palinda Holding.

- (iii) On 11 June 2019, the Company proposed the rights issue to the members of the Company on the basis of one ordinary share for every two ordinary shares at the subscription price of HK\$0.0248 per rights share (the "Rights Issue"), the number of shares under the rights issue is up to 1,383,104,051 ("Rights Shares"). On the same day, the Company entered into a placing arrangement with the bookrunner, who shall act as a placing agent and the bookrunner, to procure independent places in respect of the unsubscribed shares under the rights issue ("Unsubscribed Rights Shares") (the "Placing").

As at 14 August 2019, being the latest time for the Rights Issue and the Placing to become unconditional, the Company received applications and acceptances in respect of a total of 461,434,040 Rights Shares and, the 921,670,005 Unsubscribed Rights Shares was placed to not less than six placees at the placing price of HK\$0.0248 per Unsubscribed Rights Shares.

Both the Rights Issue and the Placing were completed on 21 August 2019 and the aggregate gross proceeds of approximately HK\$34,301,000 was intended for the repayment of the Group's promissory notes and general working capital purpose, after net of related share issuing expenses.

- (iv) At an extraordinary general meeting of the Company held on 29 August 2019, a resolution was passed to approve the share consolidation on the basis that every existing 10 issued and unissued shares of par value of HK\$0.01 each in the share capital of the Company consolidated into one shares of par value of HK\$0.10 each in the share capital of the Company. The share consolidation was completed and effective on 2 September 2019.
- (v) On 3 January 2020, the Company issued 63,000,000 ordinary shares to Mr. Chow Yat Too, being the vendor for the acquisition of Win Everest Group, as part of the consideration for the acquisition of Win Everest Group.
- (vi) On 31 March 2020, a total of 55,320,000 placing Shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK\$0.18 per placing share pursuant to the terms and conditions of the placing agreement.

All the new shares issued during the period rank pari passu with the existing shares in all respects.

21. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the Company's shareholders at a special general meeting of the Company held on 9 December 2011, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of rewarding eligible participants who had made contribution to the Group as well as providing incentives in retaining the Group's existing employees and recruiting additional employees in attaining the long term objectives of the Group.

Subject to the terms of the Share Option Scheme, the Directors may, at their absolute discretion, grant or invite any person belonging to any of the following classes to take up options to subscribe for shares: (a) any employee, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Group (including any Director, whether executive or non-executive and whether independent or not, of the Group) who is in full-time or part-time employment with the Company or any subsidiaries; (b) any person who have contributed or may contribute to the Group.

The maximum number of shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

The total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue on 9 December 2011 unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. Pursuant to an ordinary resolution passed by the Company's shareholders at annual general meeting of the Company held on 27 May 2020, the 10% limit under the Share Option Scheme was refreshed.

Where the proposed grant of option to a Director, chief executive, substantial shareholder and / or an independent non-executive Director of the Company or any of their respective associates would result in such person in any 12-month period up to and including the date of grant: (i) representing in aggregate over 0.1% of the total issued shares at the date of grant; and (ii) having an aggregate value, based on the closing price of the shares at the date of grant, in excess of HK\$5 million, then such grant must be subject to the approval of the shareholders in general meeting taken on a poll.

The total number of shares issued and to be issued on the exercise of options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of grant of each eligible participant shall not exceed 1% of the total issued shares unless (i) a shareholders' circular is dispatched to the shareholders; (ii) the shareholders approve the grant of the options in excess of the 1% limit referred to in this paragraph; and (iii) the relevant eligible participant and its associates abstain from voting on such resolution.

The exercise price of the option shares granted under the Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the Share as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of 10 years commencing from 9 December 2011 unless terminated by the Group.

Options granted under the Share Option Scheme must be taken up within 28 days of the date of grant. Upon acceptance of the option, the grantee shall pay HK\$1 to the Company as consideration for the grant. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised, but the Board may, subject to the provisions of the GEM Listing Rules, in its absolute discretion when granting the option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as it may think fit.

As at 30 June 2020, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 53,325,120 representing 10% of the shares of the Company in issue. As at 31 December 2019, there was no outstanding share options under the Share Option Scheme.

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

Date of grant	Vesting period	Exercise period	Exercise price	Closing price of the share immediately before the date of grant
11 January 2019	N/A	1 year from the date of grant	HK\$0.0420	HK\$0.0380
22 June 2020	N/A	1 year from the date of grant	HK\$0.125	HK\$0.120

The following table discloses movements of the Company's share options held by the Directors, employees and other individuals for the 2020 Interim:

				Number of share options				
	Date of grant	Exercise price per option HK\$	Exercise period	Balance as at 1 January 2020	Granted during the period	Exercised during the period	Expired / lapsed / cancelled during the period	Balance as at 30 June 2020
Employees in aggregate	22 June 2020	0.125	1 year from the date of grant	-	5,332,512	-	-	5,332,512
Individuals in aggregate	22 June 2020	0.125	1 year from the date of grant	-	47,992,608	-	-	47,992,608
				-	53,325,120	-	-	53,325,120
Exercisable at the end of the period								53,325,120
				HK\$	HK\$	HK\$	HK\$	HK\$
Weighted average exercise price				-	0.125	-	-	0.125

During the 2020 Interim, 53,325,120 options were granted on 22 June 2020. The estimated fair value of the options granted on the date was approximately HK\$1,629,000.

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

2020

Closing share price at the date of grant	HK\$0.106
Exercise price	HK\$0.125
Expected volatility	88%
Expected life	1 year
Risk-free rate	0.30%
Expected dividend yield	0%

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

The Group recognised the total expense of approximately HK\$1,629,000 for the 2020 Interim in relation to share options granted by the Company.

22. CONNECTED AND RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statements, the Group had the following transactions with connected and related parties:

(a) Transactions with connected / related parties

The Group had the following significant transactions with the connected and related parties during the periods:

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest income receivable from the loan to an associate	i	–	45	–	89
Salaries and post-employment benefits paid to substantial shareholders	ii	26	–	52	–

Notes:

- (i) Interest income was charged according to the terms of the loan agreement entered into between the parties.
- (ii) Salaries were charged according to the terms entered into between the parties.

(b) Other transactions with related parties

Compensation of key management personnel

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short-term benefits	387	588	774	1,152
Post-employment benefits	9	10	18	21
	396	598	792	1,173

The remuneration of Directors and key management personnel was determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

23. DISCONTINUED OPERATION

On 1 April 2020, the Group disposed a subsidiary, Brilliant Forever Limited, at a consideration of USD1 relating to the catering segment to an independent third party.

The result of the discontinued operation is set out below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the catering operation as a discontinued operation.

	For the three months ended 30 June		For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	—	—	—	—
Other income	—	—	—	—
Cost of inventories consumed	—	—	—	—
Cost of sales	—	—	—	—
Employee benefits expenses	—	—	—	—
Depreciation	—	—	—	—
Other gain/(losses), net	—	—	—	—
General administrative expenses	—	—	—	(24)
Share of loss of associates	—	(1,289)	—	(2,496)
Loss for the period from discontinued operation	—	(1,289)	—	(2,520)

24. EVENTS AFTER REPORTING PERIOD

On 22 June 2020, 53,325,120 share options were granted to ten eligible participants under the Share Option Scheme with an exercise price HK\$0.125 per option and the validity period of one year from the date of grant. The share options were fully exercised in July 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's interim results for the 2020 Interim.

Business Review

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

Despite significant efforts undertaken by the Group over the years to expand its catering services, this segment suffered from the deteriorating financial results in light of severe market competition, weakened demand and customer sentiments. In respect of the segment results of the Group, the catering services has been the under-performing segment as compared with the others. Based on the annual reports of the Company, the Group recorded a segmental loss of approximately HK\$29.4 million and HK\$23.5 million in catering services for the year ended 31 December 2019 and 31 December 2018 respectively. Having considered (i) the deteriorating results of the dessert catering business which exerted significant pressure on the overall profitability of the Group; and (ii) the unfavourable market conditions surrounding the catering business, which is not longer part of the Group's principal activities, the Board decided to dispose of this loss-making business early in the second quarter in order to consolidate resources for the continuing segments.

Wine Trading

Wine industry in Hong Kong has been developed for years. With the help of the removal of all wine duties by the Hong Kong government in 2008 and the support of a significant pool of experienced wine merchants with good wine knowledge and international trade experience, Hong Kong has been 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 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 to further develop its distribution and wholesale business that will help diversify the Group's business. The Group's wine are mainly from various reputable vineyard and winery from Australia, with a focus on premium quality red wine as the major product. During the 2020 Interim, the wine trading operation has achieved mixed results and recorded slight increase in revenue to approximately HK\$42.2 million (2019: HK\$36.7 million) with a segment loss of approximately HK\$0.7 million (2019: profit HK\$3.4 million).

However, during Interim 2020, this business segment was slightly clouded by the corona virus pandemic which resulted in lack of social gatherings, corporate functions or public events plus increased competition causing the Group to extend credit terms, as well as adjust margins in order to attract new orders and maintain existing customers. In view of the anticipated difficult retail situation, the Group closed a couple of self managed retail outlets in order to reduce costs.

Food products operation

For the 2020 Interim, the food products operation recorded a decrease in revenue to approximately HK\$46.2 million when compared with approximately HK\$60.6 million for the 2019 Interim due to the pandemic and reduced number of outlets.

Apart the revenue of the food products operation recorded a sales drop of approximately 23.7% for the 2020 Interim, the effect was further burdened by the rise in food cost and staff cost. As a result, the operating loss increased from approximately HK\$0.78 million for the 2019 Interim to approximately HK\$1.3 million for the 2020 Interim.

Securities Investment Business

In view of the volatile market condition surrounding the world economies further burdened by the impact of the coronavirus pandemic since the beginning of 2020, the Board has continued to take a more reserve stance about this business segment.

The Group has none securities investment during this interim period ended 30 June 2020 (2019: none) while the management continue to monitor market changes and movement in seek of future investment opportunities.

Money Lending Business

The Group's money lending business came to a temporary halt in view of the ongoing economic uncertainties and coronavirus situation, as management has been reluctant to take additional risks under such climate.

During the period ending 30 June 2020, this segment generated interest income of approximately HK\$0.05 million (2019: HK\$0.93 million) and recorded a segment loss of approximately HK\$0.04 million (2019: profit HK\$0.52 million).

Financial Review

During the 2020 Interim, the Group's revenue amounted to approximately HK\$88.3 million which was approximately 10.1% less than that of the last corresponding period. The decrease was mainly due to the drop in revenue from food products business from approximately HK\$60.6 million for the 2019 interim to approximately HK\$46.2 million for the 2020 interim.

Loss for continuing operations attributable to the owners of the Company was approximately HK\$9.8 million for the 2020 Interim, an increase of approximately 2.3 times as compared to approximately HK\$4.3 million in 2019 Interim. The increase in the loss was mainly due to: (i) decrease in turnover of food product operation business during the relevant period; (ii) impairment of goodwill relating to wine retail amounting to approximately HK\$3.2 million; (iii) loss of approximately HK\$3.9 million on early redemption of Promissory Notes; (iv) lower margins for food product operation and wine trading business; (v) finance costs of approximately HK\$4.4 million due to additional promissory notes and borrowings; and (vi) share option expense of approximately HK\$1.6 million.

The cost of inventories consumed and cost of sales for the 2020 Interim amounted to approximately HK\$18.9 million and HK\$37.8 million respectively (2019: HK\$25.5 million and HK\$29.4 million). The cost of inventories consumed and cost of sales were approximately 21.4% and 42.8% respectively (2019: 25.9% and 29.9%) of the Group's revenue on food products operation and wine trading during the 2020 Interim. Management constantly strive to maintain the right product mix in stock for the wine trading business.

Employee benefits expenses for the 2020 Interim amounted to approximately HK\$18.7 million (2019: HK\$22.8 million). These expenses were mainly for the food product operation business plus for the development of wine trading and the wage adjustments to retain experienced staff under the inflationary environment during the 2020 Interim. 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 stable results in wine trading segment for the 2020 Interim 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 wholesale channels which will help 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 industry. Apart from continuing efforts in product portfolio expansion and marketing, the Group will seek acquisition opportunities to enhance the operating scale and performance of the wine trading segment. The Group is of the view that it may benefit the development of the existing wine trading business by expanding the customer base, additional wine supply channels and acquisition of staff with relevant skill sets and connections in the wine trading industry. However, these plans were either delayed or postponed due to the ongoing coronavirus situation.

For the food products operation, the Group 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 as the pandemic condition had caused this segment to operate irregularly and incurred additional costs due to continuous changes to operating condition. Management expect this segment's trading condition to worsen in the second half as our major customer may not continue utilizing our food delivery to their existing outlets due to increased competition and the prolonged effect of the coronavirus.

The Group will actively seek for opportunities to expand its money lending business in the second half or when the situation improves overtime.

Management will monitor the risk exposure regularly and adjust the investments in securities strategies when necessary, while selectively choose those with the most balanced risk and return potential as experts anticipate the uncertainties surrounding the world economies to continue for the reminder of this financial year.

The recurring pandemic environment has created different types of business opportunities in particular the health related areas. Our different distribution and wholesale channels had been enquiring about the supply of hygiene products such as masks, sanitizer, protective wears which faced shortages at times due to sudden surge in demand as a result of the recurring pandemic condition.

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

Liquidity, Financial and Capital Resources

Capital structure

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

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

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

Cash position

As at 30 June 2020, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$5.5 million (31 December 2019: approximately HK\$4.1 million).

During the 2020 Interim and up to the date of this report, the Group has made the following issues for cash equity securities:

- a. On 23 January 2020, a total of 63,000,000 consideration shares have been issued at the price of HK\$0.28 per share pursuant to the terms and conditions of the sale and purchase agreement to acquire 100% of issued share capital of Win Everest Group.
- b. On 31 March 2020, a total of 55,320,000 placing shares have been placed by the Placing Agent at the Placing Price of HK\$0.18 per placing share. As a result, the Company received a net proceed of approximately HK\$9.8 million.

Fund raising activities of the Group during the past twelve months:

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Proposed use of net proceeds	Actual use of net proceeds
11 June 2019 (completed on 21 August 2019)	Right issue on the basis of one rights share for every two shares held on the record date at HK\$0.0248 per right share (before share consolidation adjustment)	HK\$33.2 million	(i) Approximately HK\$30.12 million for repayment of promissory notes of the Company; and (ii) Approximately HK\$3.08 million for the Group's general working capital purpose.	Used as intended
28 February 2020 (completed on 31 March 2020)	Placing 55,320,000 new shares at HK\$0.18 per placing shares	HK\$9.76 million	(i) Approximately HK\$8 million for procurement of wine; and (ii) Approximately HK\$1.76 million for the Group's general working capital purpose.	Used as intended

Borrowings

Details of borrowings as at 30 June 2020 are set out in Note 20 to the Interim Financial Statements.

Gearing ratio

Gearing ratio is calculated as net debt (borrowings less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interests). As at 30 June 2020, gearing ratio was approximately 26% (31 December 2019: 20%).

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK\$"). Other than interests in a wholly owned subsidiary are denominated in Australia Dollars ("AUD"), the Group's assets and liabilities are mainly denominated in HK\$ and AUD. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of HK\$ or AUD may have an impact on the financial results of the Group.

The management considers that the foreign exchange risk with respect to AUD is not significant. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Capital Expenditure and Commitments

There was no capital commitments of the Group as at 30 June 2020.

Charges on Assets

Details of the charges on the Group's assets were set out in Note 19 to the Interim Financial Statements.

Contingent Liabilities

Save as disclosed elsewhere in the Interim Financial Statements, there were no other significant contingent liabilities of the Group as at 30 June 2020.

Dividend

Details of the dividend are set out in the Note 12 to the Interim Financial Statements.

Employees Numbers and Remuneration Policy

As at 30 June 2020, the Group had around 203 employees. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

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

Pursuant to the announcement of the Company dated 4 October 2019, a direct wholly owned subsidiary of the Company as the purchaser and the vendor has entered into a sale and purchase agreement to acquire 100% of issued share capital of Win Everest Holdings Limited and its wholly owned subsidiary (collectively referred to as the "Win Everest Group") at HK\$60 million. The consideration has been satisfied by (i) HK\$5 million in cash upon the signing of the sale and purchase agreement; (ii) the issue of the promissory note by the purchaser to the vendor to the value of HK\$37.36 million upon completion; and (iii) the issue and allotment of the 63,000,000 consideration shares at share price of HK\$0.28 per share by the Company upon completion. Win Everest Group is principally engaged in supply of self-cultivated grapes for winery business and has a vineyard located in Margaret River region in Australia. The acquisition has been completed on 3 January 2020.

Pursuant to the announcement of the Company dated 12 February 2020, a direct wholly owned subsidiary of the Company as the vendor and the purchaser has entered into two sets of provisional 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 indirect wholly owned subsidiaries of the Group, at the considerations of HK\$16.8 million and HK\$11.2 million respectively. The considerations are payable upon completion of the disposal and the disposal has been completed on 26 June 2020.

During the 2020 Interim, in addition to the above disposal, the Group also disposed of a wholly owned subsidiary relating to the catering segment to an independent third party. The total disposed subsidiaries and associates above, including those related to discontinued catering operations, carried a book value of net assets amounting to approximately HK\$20.8 million, resulting in a gain on the disposal of approximately HK\$6.9 million were recorded by the Group for the period ended 30 June 2020.

Saved as the above and others disclosed elsewhere in this report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the 2020 Interim.

Events After Reporting Period

On 22 June 2020, 53,325,120 share options were granted to ten eligible participants under the Share Option Scheme with an exercise price of HK\$0.125 per option and the validity period of one year from the date of grant. The share options were fully exercised in July 2020.

SHARE OPTION SCHEME

Details of the share option scheme are set out in the Note 21 to the Interim Financial Statements.

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

As at 30 June 2020, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Capacity / nature of interest	Total number of ordinary shares	Approximate percentage of interest
Ms. Huang Wei	Beneficial owner	63,835,200	11.97%

Saved as disclosed above, as at 30 June 2020, none of the Directors and the chief executives of the Company had, or was deemed to have, any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2020, there are no person other than the Directors and chief executives of the Company whose have interests and short positions in the shares, underlying shares or debentures of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who was expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and chief executives' interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, at no time during the 2020 Interim was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the 2020 Interim.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates had an interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group or had any other conflicts with the Group during the 2020 Interim.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rule 5.48 to Rule 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the period under review. The Company was not aware of any non-compliance during the 2020 Interim.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules during the 2020 Interim.

AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 30 December 2015 and 20 December 2018, the Board adopted a set of revised terms of reference of the Audit Committee in line with the GEM Listing Rules requirement in relation to the internal control by introducing the concept of the risk management. The primary duties of the Audit Committee, among other things, are to assist the Board in overseeing and reviewing (i) the effectiveness of the Group's risk management and internal control systems and regulatory compliance of the Group; (ii) the integrity of the Company's financial statements and application of accounting standards and significant judgements contained in the financial statements; and (iii) the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

As at 30 June 2020, 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 is the chairman of the Audit Committee.

The Audit Committee had reviewed the unaudited Interim Financial Statements for the 2020 Interim and is of the opinion that the Interim Financial Statements comply with the applicable accounting standards, the 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, 14 August 2020

As at the date of this report, 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.