

新煮意控股有限公司
Food Idea Holdings Limited

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

INTERIM
REPORT

2019

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

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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 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

Mr. Wong Hoi Yu (*Chairman*)

Mr. Yu Ka Ho

(*Chief executive officer, "CEO"*)

Independent non-executive Directors

Mr. Li Lap Keung

(appointed on 22 February 2019)

Mr. So Yat Chuen

(appointed on 22 February 2019)

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

(appointed on 16 January 2019)

Mr. Kwan Wai Yin, William

(resigned on 16 January 2019)

Mr. Tam Lok Hang

(resigned on 22 February 2019)

Mr. Chu Sin Bun Jacky

(resigned on 22 February 2019)

Compliance Officer

Mr. Yu Ka Ho

Authorised Representatives

Mr. Yu Ka Ho

Mr. Chung Man Wai, Stephen

Company Secretary

Mr. Chung Man Wai, Stephen

Audit Committee Members

Mr. Li Lap Keung (*Chairman*)

(appointed on 22 February 2019)

Mr. So Yat Chuen

(appointed on 22 February 2019)

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

(appointed on 16 January 2019)

Mr. Tam Lok Hang

(resigned on 22 February 2019)

Mr. Chu Sin Bun Jacky

(resigned on 22 February 2019)

Mr. Kwan Wai Yin, William

(resigned on 16 January 2019)

Remuneration Committee Members

Mr. So Yat Chuen (*Chairman*)

(appointed on 22 February 2019)

Mr. Li Lap Keung

(appointed on 22 February 2019)

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

(appointed on 16 January 2019)

Mr. Tam Lok Hang

(resigned on 22 February 2019)

Mr. Chu Sin Bun Jacky

(resigned on 22 February 2019)

Mr. Kwan Wai Yin, William

(resigned on 16 January 2019)

Nomination Committee Members

Mr. So Yat Chuen (*Chairman*)
(appointed on 22 February 2019)
Mr. Li Lap Keung
(appointed on 22 February 2019)
Dr. Wu Wing Kuen, *B.B.S.*
(appointed on 16 January 2019)
Mr. Tam Lok Hang
(resigned on 22 February 2019)
Mr. Chu Sin Bun Jacky
(resigned on 22 February 2019)
Mr. Kwan Wai Yin, *William*
(resigned on 16 January 2019)

Auditor

Elite Partners CPA Limited
Certified Public Accountants

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Industrial and Commercial Bank of
China (Asia) Limited

Registered Office

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

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

Unit 306-A201, 3/F.
Harbour Centre, Tower 1
1 Hok Cheung Street
Hungghom, 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 2019 increased by approximately 22% to approximately HK\$98.36 million (2018: HK\$80.30 million).
- Loss attributable to the owners of the Company for the six months ended 30 June 2019 was approximately HK\$6.82 million (2018: HK\$66.24 million).
- Basic loss per share for the six months ended 30 June 2019 was approximately HK0.25 cents (2018: HK3.12 cents).

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 June 2019 (the “Interim Financial Statements”), together with the unaudited comparative figures for the corresponding period in 2018, as follows:

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

For the three months and six months ended 30 June 2019

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	6	52,658	48,379	98,359	80,302
Other income		289	287	544	507
Cost of inventories consumed		(15,105)	(13,332)	(25,507)	(25,607)
Cost of sales		(15,810)	(13,626)	(29,428)	(13,626)
Employee benefits expenses		(11,036)	(11,410)	(22,809)	(21,871)
Depreciation		(431)	(1,377)	(862)	(2,716)
Amortisation		-	(46)	-	(92)
Other gain/(losses), net	7	1,461	(6,806)	1,461	(6,806)
Operating lease rentals and related expenses		(1,134)	(992)	(2,102)	(1,741)
Utilities expenses		(213)	(218)	(454)	(449)
Gain (loss) on disposal of financial assets at fair value through profit or loss, net		-	1,970	-	3,304
Gain/(loss) on fair value change of financial assets at fair value through profit or loss, net		4,082	(26,094)	4,312	(47,579)
Share option expenses		-	-	(2,979)	(830)
Other operating expenses		(9,747)	(13,115)	(19,544)	(26,372)
Share of loss of associates		(1,289)	(1,090)	(2,496)	(2,320)
Share of loss of joint ventures		-	(12)	-	(89)
Finance costs	8	(2,637)	(118)	(3,858)	(212)
Profit/(loss) before tax	9	1,088	(37,600)	(5,363)	(66,197)
Income tax expenses	10	(2,013)	(174)	(2,020)	(251)
Loss for the period		(925)	(37,774)	(7,383)	(66,448)

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

For the three months and six months ended 30 June 2019

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Other comprehensive (expenses) income for the period:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	(1)	(8)	97	–
Share of foreign currency translation reserve of an associate	(759)	(2,502)	42	(356)
	(760)	(2,510)	139	(356)
Total comprehensive expenses for the period	(1,685)	(40,284)	(7,244)	(66,804)
Loss for the period attributable to:				
Owners of the Company	(735)	(37,481)	(6,818)	(66,236)
Non-controlling interests	(190)	(293)	(565)	(212)
	(925)	(37,774)	(7,383)	(66,448)
Total comprehensive expenses for the period attributable to:				
Owners of the Company	(1,495)	(39,991)	(6,679)	(66,592)
Non-controlling interests	(190)	(293)	(565)	(212)
	(1,685)	(40,284)	(7,244)	(66,804)
Loss per share				
Basic and diluted (<i>HK cents per share</i>)	11			
	(0.03)	(1.76)	(0.25)	(3.12)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2019

	Notes	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	1,560	13,492
Investment properties	13	25,828	26,167
Goodwill		35,644	–
Interests in associates	14	36,735	39,189
Interests in joint ventures	15	–	–
Rental deposits		30	6
Deferred tax assets		29	29
Loan receivables	16	4,389	4,460
		104,215	83,343
Current assets			
Inventories	17	341,698	289,936
Loan and interest receivables	16	35,324	50,757
Trade receivables	18	31,468	19,600
Loan to an associate	14	3,000	3,000
Amounts due from associates	14	680	574
Amounts due from joint ventures	15	–	168
Prepayments, deposits and other receivables		55,260	3,498
Income tax recoverable		9	9
Financial assets at fair value through profit or loss	19	12,650	8,338
Bank balances and cash		29,418	7,222
		509,507	383,102

	<i>Notes</i>	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Current liabilities			
Trade payables	20	5,918	5,786
Other payables, accruals and deposits received	20	23,809	13,874
Income tax payable		1,373	46
Borrowings	21	30,015	31,663
		61,115	51,369
Net current assets		448,392	331,733
Total assets less current liabilities		552,607	415,076
Non-current liabilities			
Promissory notes		180,610	67,689
Deferred tax liabilities		–	–
		180,610	67,689
		371,997	347,387
Capital and reserves			
Share capital	22	27,662	21,279
Reserves		346,351	327,716
Equity attributable to owners of the Company		374,013	348,995
Non-controlling interests		(2,016)	(1,608)
		371,997	347,387

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2019

	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 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
Balance at 1 January 2018	21,071	613,622	-	106	(182)	(6,989)	(165,543)	442,085	1,441	443,526
Loss for the period	-	-	-	-	-	-	(66,236)	(66,236)	(212)	(66,448)
Other comprehensive expenses for the period										
Share of foreign currency translation reserve of an associate	-	-	-	-	-	(356)	-	(356)	-	(356)
Total comprehensive expenses for the period	-	-	-	-	-	(356)	(66,236)	(66,592)	(212)	(66,804)
Recognition of equity settled share based payment	-	-	830	-	-	-	-	830	-	830
Issue of shares upon exercise of share options	208	4,418	(830)	-	-	-	-	3,796	-	3,796
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(81)	(81)
Balance at 30 June 2018	21,279	618,040	-	106	(182)	(7,345)	(251,779)	380,119	1,148	381,267

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 2019

	For the six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Net cash flows used in operating activities	(25,261)	(1,035)
Net cash generated from (used in) investing activities	15,697	(8,215)
Net cash generated from financing activities	29,815	6,936
Net increase (decrease) in cash and cash equivalents	20,251	(2,314)
Effect of foreign exchange rate changes	97	–
Cash and cash equivalents at beginning of period	(1,658)	31,364
	18,690	29,050
Cash and cash equivalents at end of period		
Bank balances and cash	29,418	36,320
Bank balances and cash included in assets classified as held for sale	–	304
Bank overdrafts	(10,728)	(7,574)
	18,690	29,050

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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) catering services; (ii) production, sales and distribution of food products to supermarket chains in Hong Kong; (iii) investment in securities; (iv) money lending business; and (v) wine trading.

2. BASIS OF PREPARATION

The 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 2018 (the "2018 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 2019. 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 2018 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 accounting period beginning on or after 1 January 2019.

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
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

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

4. 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 2018 Annual Report.

5. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair values at the end of each reporting period for recurring measurement. The following table gives information about how the fair values are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair value hierarchy	Valuation techniques and key inputs	Fair value as at	
			30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Financial assets				
Equity securities listed in Hong Kong classified as financial assets at FVTPL	Level 1	Quoted bid prices in an active market	12,650	8,338

There was no transfer among Level 1, 2 and 3 during the six months ended 30 June 2019 (the "2019 Interim").

The Directors consider that the carrying amount of the non-current financial assets approximate their fair values as the impact of discounting is immaterial.

The Directors consider that the carrying amounts of other current financial assets and current financial liabilities recorded at amortised cost approximate their fair values.

6. SEGMENT INFORMATION

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

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

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

Segment turnover, revenue and results

Segment revenue represents revenue derived from the provision of catering services, sales of food products, gross proceeds from the disposal of financial assets at 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:

	Catering services HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Wine trading HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
For the 2019 Interim							
SEGMENT TURNOVER	-	60,676	-	939	36,744	-	98,359
SEGMENT REVENUE	-	60,676	-	939	36,744	-	98,359
RESULTS							
Segment results	(24)	(781)	4,312	526	3,412	-	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 30 June 2019							
ASSETS							
Segment assets	-	18,401	12,650	39,713	446,981	67,062	584,807
Interests in associates	25,235	-	-	-	-	-	25,235
Interests in joint ventures	-	-	-	-	-	-	-
Loan to an associate	3,000	-	-	-	-	-	3,000
Amounts due from associates	680	-	-	-	-	-	680
Amounts due from joint ventures	-	-	-	-	-	-	-
Consolidated total assets							613,722
LIABILITIES							
Segment liabilities	85	23,986	-	45	3,311	214,298	241,725

	Catering services HK\$'000 (Unaudited)	Food products operation HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Wine trading HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
For the 2018 Interim							
SEGMENT TURNOVER	-	59,911	53,538	4,546	15,816	-	133,811
SEGMENT REVENUE	-	59,911	29	4,546	15,816	-	80,302
RESULTS							
Segment results	(131)	(127)	(44,247)	8,074	1,922	-	(34,509)
Unallocated income	-	-	-	-	-	1,045	1,045
Unallocated corporate expenses	-	-	-	-	-	(29,282)	(29,282)
Share options expenses	-	-	-	-	-	(830)	(830)
Share of loss of associates	(2,320)	-	-	-	-	-	(2,320)
Share of loss of joint ventures	-	-	-	-	-	(89)	(89)
Finance costs	-	-	-	-	-	(212)	(212)
Loss before tax							(66,197)
As at 30 June 2018							
ASSETS							
Segment assets	4,172	20,474	11,457	97,849	139,040	81,725	354,717
Interests in associates	46,785	-	-	-	-	-	46,785
Interests in joint ventures	-	-	-	-	-	24,830	24,830
Loan to an associate	3,000	-	-	-	-	-	3,000
Amounts due from associates	465	-	-	-	-	8,631	9,096
Amounts due from joint ventures	-	169	-	-	-	-	169
Consolidated total assets							438,597
LIABILITIES							
Segment liabilities	85	21,748	600	-	-	34,897	57,330

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, assets classified as held for sale, 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, liabilities associated with assets classified as held for sale 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), the People's of Republic of China (the "PRC") and Singapore.

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

The operation in Singapore has not yet commenced and all revenue from external customers of the Group are derived in Hong Kong for the 2019 Interim and 2018 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 <i>(Note)</i>	
	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Hong Kong (country of domicile)	98,359	184,834	73,569	50,198
Singapore	–	–	–	–
PRC	–	–	26,198	28,650
	98,359	184,834	99,767	78,848

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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Customer A	–	10,857

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

7. OTHER GAIN/(LOSSES), NET

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Reversal of provision for impairment on loan and interest receivables	–	4,000	–	4,000
Gain on disposal of subsidiaries	1,465	482	1,465	482
Written off of property, plant and equipment	(4)	(172)	(4)	(172)
Provision for impairment on amount due from a joint venture	–	(11,172)	–	(11,172)
Others	–	56	–	56
	1,461	(6,806)	1,461	(6,806)

8. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interests on borrowings	278	118	548	212
Promissory note	2,359	–	3,310	–
	2,637	118	3,858	212

9. PROFIT/(LOSS) BEFORE TAX

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss before tax has been arrived at after charging the following:				
Operating lease rentals in respect of rented premises	1,057	922	1,992	1,599

10. INCOME TAX EXPENSES

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current income tax	2,013	174	2,020	251
Deferred income tax	–	–	–	–
	2,013	174	2,020	251

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

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

11. 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:

	For the three months ended 30 June		For the six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss for the purpose of basic and diluted loss per share, being loss for the period attributable to the owners of the Company	(735)	(37,481)	(6,818)	(66,236)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	2,766,208,000	2,127,855,000	2,680,154,000	2,121,208,000

Diluted loss per share for the three months ended 30 June 2018 and 30 June 2019, the 2018 Interim and 2019 Interim were the same as the basic loss per share as there was no dilutive potential ordinary shares outstanding.

12. DIVIDEND

The Board does not recommend the payment of an interim dividend for the 2019 Interim and 2018 Interim.

13. PROPERTY, PLANT AND EQUIPMENT / INVESTMENT PROPERTIES

During the 2019 Interim, additions of property, plant and equipment amounted to approximately HK\$176,000 (additions for the year ended 31 December 2018: HK\$13,190,000) and property, plant and equipment with aggregate carrying values of approximately HK\$525,000 were acquired by the Group through acquisition of subsidiaries.

During the 2019 Interim, property, plant and equipment with aggregate carrying values of approximately 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 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Cost of unlisted investment in an associate	104,153	92,654
Share of post-acquisition loss and other comprehensive expenses	(67,236)	(63,822)
Share of other reserve (<i>Note</i>)	(182)	(182)
Transfer from investment in joint ventures	—	10,539
	36,735	39,189

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.

15. INTERESTS IN JOINT VENTURES / AMOUNTS DUE FROM JOINT VENTURES

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Costs of investments in joint ventures	116	11,621
Share of post-acquisition (loss) profit and other comprehensive (expenses) income, net	(116)	(1,082)
Transfer to interests in associates	–	(10,539)
	–	–

The amounts due from joint ventures are unsecured, interest free and repayment on demand.

16. LOAN AND INTEREST RECEIVABLES

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Fixed-rate loan receivables	38,611	54,056
Interest receivables	1,274	1,333
	39,885	55,389
Less: provision for impairment on loan and interest receivables	(172)	(172)
	39,713	55,217
Loan receivables analysed for reporting purpose as:		
Non-current asset	4,389	4,460
Current asset	35,324	50,757
	39,713	55,217

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 (31 December 2018: 3% to 36% per annum) and will be repayable on maturity with a maturity period ranged from 1 month to 5 years (31 December 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:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Within one year	35,324	50,757
After one year but within two years	3,533	3,868
After two years but within five years	856	592
	39,713	55,217

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

	2019 HK\$'000
At 1 January	172
Reversal for the period	—
At 30 June	172

Included in the provision for impairment on loan and interest receivables are individually impaired loan and interest receivables with an aggregate balance of approximately HK\$172,000 (31 December 2018: HK\$172,000) related to a customer that is in severe financial difficulties.

17. INVENTORIES

	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Food and beverage	374	306
Wine	341,324	289,630
	341,698	289,936

18. 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 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Within 30 days and neither past due nor impaired	26,661	17,905
31 – 60 days	3,947	1,304
61 – 90 days	584	259
Over 90 days	276	132
	31,468	19,600

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

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

Included in the Group's trade receivables balance were receivables of approximately HK\$4,807,000 (31 December 2018: HK\$1,695,000) that were past due as at 30 June 2019 for which the Group has not provided for impairment loss because there is no recent history of default.

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

	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
1 – 30 days	3,947	1,304
31 – 60 days	584	259
Over 60 days	276	132
	4,807	1,695

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Listed investments – Equity securities listed in Hong Kong	12,650	8,338

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

	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Trade payables	5,918	5,786
Other payables	7,579	1,844
Accruals	10,189	9,918
Deposits received	6,041	2,112
	23,809	13,874
	29,727	19,660

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 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Within 30 days	5,746	5,023
31 – 60 days	172	727
Over 60 days	–	36
	5,918	5,786

21. BORROWINGS

	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Borrowings		
Instalment loans	9,287	12,783
Bank overdrafts	10,728	8,880
Other borrowing	10,000	10,000
	30,015	31,663
Promissory notes	180,610	67,689

As at 30 June 2019 and 31 December 2018, 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 whole balance is therefore recognised under current liabilities.

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

	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Within one year	21,143	19,394
After one year but within two years	425	524
After two years but within five years	1,334	1,648
More than five years	7,113	10,097
	30,015	31,663

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 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
Instalment loans	2.275%	2.275%
Bank overdrafts	2.875%	2.875%
Other borrowing	6%	6%

As at 30 June 2019, the Group had aggregate banking facilities of approximately HK\$24,500,000 (31 December 2018: HK\$27,860,000) for loans and other facilities. Unused facilities as at the same date amount to approximately HK\$3,772,000 (31 December 2018: HK\$5,620,000). These facilities are secured by:

- (a) As at 30 June 2019 and 31 December 2018, investment properties with carrying values of approximately HK\$25,828,000 and HK\$26,167,000 and their respective rental income generated.
- (b) As at 30 June 2019 and 31 December 2018, unlimited guarantees from a non-controlling shareholder and a director of a subsidiary;
- (c) As at 30 June 2019 and 31 December 2018, unlimited corporate guarantee from a non-wholly owned subsidiary of the Group; and

22. SHARE CAPITAL

	Nominal value	Number of shares	Share capital HK\$'000
Authorised			
Ordinary shares			
At 31 December 2018 and 30 June 2019	0.01	10,000,000,000	100,000
Issued and fully paid			
Ordinary shares			
At 1 January 2017	0.01	2,107,113,312	21,071
Issue of shares upon exercise of share options (<i>Note (i)</i>)	0.01	20,741,331	208
At 31 December 2018 and 1 January 2019	0.01	2,127,854,643	21,279
Issue of consideration shares (<i>Note (ii)</i>)	0.01	425,568,000	4,255
Issue of shares upon exercise of share options (<i>Note (iii)</i>)	0.01	212,785,460	2,128
At 30 June 2019	0.01	2,766,208,103	27,662

- (i) During the year ended 31 December 2018, 20,741,331 share options had been exercised by holder at exercise price of HK\$0.183 per option to subscribe for 20,741,331 ordinary Shares at a total consideration of approximately HK\$3,796,000. The total consideration and transfer of share options reserve of approximately HK\$830,000 were credited to share capital of approximately HK\$208,000 and share premium of approximately HK\$4,418,000. Details of the share options are set out in Note 23.
- (ii) On 22 January 2019, a total of 425,568,000 consideration shares have been issued at the price of HK\$0.131 per share pursuant to the terms and conditions of the sale and purchase agreement to acquire 100% of issued share capital of Palinda Group.
- (iii) During the 2019 interim, 148,949,822 and 63,835,638 share options had been exercised by holders at exercise prices of HK\$0.042 and HK\$0.0652 respectively, per option to subscribe for 148,949,822 and 63,835,638 ordinary Shares at a total consideration of approximately HK\$6,256,000 and HK\$4,162,000 respectively. The total consideration and transfer of share options reserve of approximately HK\$4,256,000 were credited to share capital of approximately HK\$2,128,000 and share premium of approximately HK\$12,546,000. Details of the share options are set out in Note 23.

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

23. 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 8 June 2018, the 10% limit under the Share Option Scheme was refreshed (i.e. 212,785,464 ordinary Shares).

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

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

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

The Share Option Scheme will remain in force for a period of 10 years commencing from 9 December 2011 unless terminated by the 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 2019, there were 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
23 February 2018	N/A	1 year from the date of grant	HK\$0.183	HK\$0.182
16 November 2018	N/A	1 year from the date of grant	HK\$0.1496	HK\$0.147
17 December 2018	N/A	1 year from the date of grant	HK\$0.0652	HK\$0.0620
11 January 2019	N/A	1 year from the date of grant	HK\$0.0420	HK\$0.0380

The following table discloses movements of the Company's share options held by the Directors, employees and other individuals for the 2019 Interim:

	Date of grant	Exercise price per option HK\$	Exercise period	Number of share options				
				Balance as at 1 January 2019	Granted during the period	Exercised during the period	Expired / lapsed / cancelled during the period	Balance as at 30 June 2019
Employees in aggregate	11 January 2019	0.042	1 year from the date of grant	-	42,557,092	(42,557,092)	-	-
Individuals in aggregate	23 February 2018	0.183	1 year from the date of grant	-	-	-	-	-
	16 November 2018	0.1496	1 year from the date of grant	-	-	-	-	-
	17 December 2018	0.0652	1 year from the date of grant	63,835,638	-	(63,835,638)	-	-
	11 January 2019	0.0420	1 year from the date of grant	-	106,392,730	(106,392,730)	-	-
				<u>63,835,638</u>	<u>148,949,822</u>	<u>(212,785,460)</u>	<u>-</u>	<u>-</u>
Exercisable at the end of the period								<u>-</u>
				HK\$	HK\$	HK\$	HK\$	HK\$
Weighted average exercise price				<u>0.0652</u>	<u>0.0420</u>	<u>0.0490</u>	<u>-</u>	<u>-</u>

In respect of the share options exercised during the period, the weighted average share price at the date of exercise was HK\$0.049 and the weighted average share price at the date immediately before the exercise was HK\$0.049.

During the 2019 Interim, 148,949,822 options were granted on 11 January 2019. The estimated fair value of the options granted on the date was approximately HK\$2,979,000.

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

	2018
Closing share price at the date of grant	HK\$0.183
Exercise price	HK\$0.183
Expected volatility	61%
Expected life	1 year
Risk-free rate	0.79%
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\$2,979,000 for the 2019 Interim in relation to share options granted by the Company.

24. OPERATING LEASE COMMITMENTS

As lessee

The Group leases certain office premises and warehouses under operating lease arrangements. Leases are negotiated for terms ranging from one to approximately three years. Rental were fixed at the inception of the leases.

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Within one year	3,066	846
In the second to fifth years inclusive	1,965	6
	5,031	852

As lessor

Property rental income earned during the period was HK\$321,000 and the properties are expected to generate rental yields of 2.4% on an ongoing basis. All of the properties held for generating rental income have committed tenants for the next two years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Within one year	508	642
In the second to fifth year inclusive	–	161
	508	803

25. 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	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest income receivable from the loan to an associate	<i>i</i>	45	45	89	89
Consultancy fee income received from an associate	<i>ii</i>	–	56	–	56
Management income received from an associate	<i>ii</i>	–	15	–	30
Salaries and post- employment benefits paid to substantial shareholders	<i>iii</i>	–	–	–	159
Services fee expenses paid to an associate	<i>iv</i>	–	28	–	38

Notes:

- (i) Interest income was charged according to the terms of the loan agreement entered into between the parties.
- (ii) Consultancy fee income and management income were made on a mutually agreed basis.
- (iii) Salaries were charged according to the terms entered into between the parties.
- (iv) Service fee expenses 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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Short-term benefits	588	695	1,152	1,390
Post-employment benefits	10	10	21	21
	598	705	1,173	1,411

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.

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

1. The Company proposes to raise approximately HK\$34.3 million (before expenses) on the basis of one rights share for every two ordinary shares held, by issuing 1,383,104,051 right shares at the subscription price of HK\$0.0248 per right share (the "Right Issue").

On 11 June 2019, the Company entered into a placing agreement with the bookrunner to procure independent placees, on a best effort basis, to place the unsubscribed right shares. Further details of the Right Issue are set out in (i) the announcements of the Company dated 11 June 2019, 10 July 2019, 19 July 2019 and 8 August 2019; (ii) the prospectus of the Company dated 19 July 2019.

The Right Issue is not yet completed as of the date of this report.

2. The Company proposes to implement the share consolidation on the basis that every ten issued and unissued shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one consolidated share of par value of HK\$0.10 each ("Share Consolidation"). Further details of Share Consolidation are set out in (i) the announcement of the Company dated 18 July 2019 and (ii) the circular of the Company dated 9 August 2019.

The Share Consolidation is not yet completed as of the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the Group's interim results for the 2019 Interim.

Business Review

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

Food products operation

For the 2019 Interim, the food products operation recorded an increase in revenue of around 1.3% to approximately HK\$60.68 million when compared with approximately HK\$59.91 million for the 2018 Interim.

Although the revenue of the food products operation recorded a rise of approximately 1.3% for the 2019 Interim, the effect was counteracted by the rise in the food cost and staff cost. As a result, the operating loss increased from approximately HK\$0.13 million for the 2018 Interim to approximately HK\$0.78 million for the 2019 Interim.

Securities Investment Business

As at 30 June 2019, the Group had a portfolio of securities investment classified as financial assets at FVTPL of approximately HK\$12.65 million (31 December 2018: HK\$8.34 million) and all of them were equity securities/fund listed in Hong Kong. For the 2019 Interim, the Group recorded a net unrealised gain of approximately HK\$4.31 million (2018: loss HK\$47.58 million) and a net realised gain of approximately HK\$Nil (2018: HK\$3.30 million) in its entire securities investment.

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

The Group will continue to monitor the existing portfolio closely and look for other potential investment opportunities.

Money Lending Business

The Group's money lending business maintained a stable performance. During the 2019 Interim, it generated interest income of approximately HK\$0.94 million (2018: HK\$4.55 million). During the 2019 Interim, the Group recorded segment profit increased to approximately HK\$0.53 million (2018: HK\$8.07 million).

As at 30 June 2019, an aggregate loan of approximately HK\$572.51 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 30 June 2019, the outstanding loan receivables of the Group amounted to approximately HK\$38.61 million (31 December 2018: HK\$54.06 million).

Wine Trading

Wine industry in Hong Kong has been developed for years. With the help of the removal of all wine duties by the Hong Kong government in 2008 and the support of a significant pool of experienced wine merchants with good wine knowledge and international trade experience, Hong Kong has further developed into a wine trading and distribution centre for the region. According to the Hong Kong Trade Development Council Research Report on 6 September 2018, which provided statistical data for the previous year of 2017, and data from Euromonitor International, in January to June 2018, wine sales in Hong Kong amounted to United States Dollars 1,620 million or 34.8 million liters in 2017, up 5.2% and 2.5%, respectively, per annum in the past five years. For 2017 to 2022, it is forecasted to grow 5.0% per annum in value terms and 3.8% per annum in volume terms.

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

The Group's wine are mainly from various reputable vineyard and winery from Australia, with a focus on the red wine as the major product. During the 2019 Interim, the wine trading operation has achieved positive results and recorded revenue of approximately HK\$36.74 million (2018: HK\$15.82 million) with a segment profit of approximately HK\$3.41 million (2018: HK\$1.92 million).

Others

The dessert catering industry in the PRC is still facing a fierce competition which is further intensified by the emergence of e-commerce platform and the change of consumption pattern to online channel. The associate of the Group, the Lucky Dessert Group, competes with both new entrants and competitors with longer operating histories. Together with the rising operating costs such as rental expenses and labour costs in the PRC, the Lucky Dessert Group focused on developing its restaurant network through local business partners in the PRC, instead of operating its self-owned restaurant.

As at 30 June 2019, the Lucky Dessert Group had four (31 December 2018: six) dessert catering restaurants which were operated by three local business partners in Tianjin, Taiyuan and Nanjing.

Financial Review

During the 2019 Interim, the Group's revenue amounted to approximately HK\$98.36 million which was approximately 22.5% higher than that of the last corresponding period. The increment was mainly due to the rise in revenue from wine trading from approximately HK\$15.82 million for the 2018 interim to approximately HK\$36.74 million for the 2019 interim.

Loss attributable to the owners of the Company was approximately HK\$6.82 million for the 2019 Interim, an improvement of approximately 89.7% as compared to the 2018 Interim. The decrease in the loss was mainly due to (i) the improvement in the investments segment from loss of approximately HK\$44.25 million for the 2018 Interim to gain of approximately HK\$4.3 million for 2019 Interim; (ii) other gain of approximately HK\$1.46 million for 2019 Interim compared with other loss of approximately HK\$6.81 million for 2018 Interim; (iii) the introduction of wine trading business which contributed segment result approximately HK\$3.41 million for the 2019 Interim compared with approximately HK\$1.92 million for the 2018 Interim; and (iv) the decrease in the other operating expenses of approximately HK\$6.83 million for the 2019 Interim when compared with the 2018 Interim. However, part of the above effects were counteracted by the negative impact from the increase in finance cost from approximately HK\$0.21 million for the 2018 Interim to approximately HK\$3.86 million for 2019 Interim.

The cost of inventories consumed and cost of sales for the 2019 Interim amounted to approximately HK\$25.51 million and HK\$29.43 million respectively (2018: HK\$25.61 million and HK\$13.63 million). The cost of inventories consumed and cost of sales were approximately 42% and 80% respectively (2018: 43% and 86%) of the Group's revenue on food products operation and wine trading during the 2019 Interim. The Group expects to improve the product mixing in wine trading in the future.

Employee benefits expenses for the 2019 Interim amounted to approximately HK\$22.81 million (2018: HK\$21.87 million). The increase was mainly due to the development of wine trading and the wage adjustments to retain experienced staff under the inflationary environment during the 2019 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 positive results in wine trading segment for the 2019 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 catering business and will help to diversify the businesses of the Group. As such, it is the intention of the Group to further strengthen its sales capability in wine trading with an aim to take advantage of the steady growth in the wine trading industry. Apart from continuing efforts in product portfolio expansion and marketing, the Group will seek for acquisition opportunities to enhance the operating scale and performance of the wine trading segment. The Group is in the view that it may benefit the development of the existing wine trading business by expanding the customer base, addition to wine supply channels and acquisition of staff with relevant skill sets and connections in the wine trading industry.

For the food products operation, the Group continues to search for suitable sites with high traffic flow for expansion and will continue to review the performance of its concessionaire stores and close the underperforming locations. The Group is also proactively monitoring the rising food costs, labour costs and commission expenses to supermarket chains in order to raise the operational efficiencies of the food products operation.

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

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

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

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

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

Cash position

As at 30 June 2019, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$29.42 million (31 December 2018: approximately HK\$7.22 million).

During the 2019 Interim and up to the date of this report, the Group has made the following issues for cash equity securities:

- a. On 22 January 2019, a total of 425,568,000 consideration shares have been issued at the price of HK\$0.131 per share pursuant to the terms and conditions of the sale and purchase agreement to acquire 100% of issued share capital of Palinda Group.
- b. On 14 January 2019, the holders of share options exercised their rights to subscribe for 42,557,092 shares at HK\$0.042 per share. As a result, the Company received a net proceed of approximately HK\$1.79 million.

- c. On 17 January 2019, the holders of share options exercised their rights to subscribe for 106,392,730 shares at HK\$0.042 per share. As a result, the Company received a net proceed of approximately HK\$4.47 million.
- d. On 15 February 2019, the holders of share options exercised their rights to subscribe for 42,557,092 shares at HK\$0.0652 per share. As a result, the Company received a net proceed of approximately HK\$2.77 million.
- e. On 19 February 2019, the holder of share options exercised the rights to subscribe for 21,278,546 shares at HK\$0.0652 per share. As a result, the Company received a net proceed of approximately HK\$1.39 million.

Borrowings

Details of borrowings as at 30 June 2019 are set out in Note 21 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 2019 and 31 December 2018, gearing ratio was approximately 48% (31 December 2018: 21%).

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK\$"). Other than certain interests in associates are denominated in Renminbi ("RMB"), the Group's assets and liabilities are mainly denominated in HK\$. 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 RMB may have an impact on the financial results of the Group.

The management considers that the foreign exchange risk with respect to RMB is not significant as the exchange rate of RMB to HK\$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Capital Expenditure and Commitments

Details of the capital expenditure are set out in the Notes 13 and there was no capital commitments of the Group as at 30 June 2019.

Charges on Assets

Details of the charges on the Group's assets were set out in Note 21 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 2019.

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 2019, the Group had around 260 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 22 October 2018, a direct wholly owned subsidiary of the Company as the purchaser and the vendor has entered into the sale and purchase agreement to acquire 100% of issued share capital of Palinda Group at the consideration of HK\$76 million. The consideration will be satisfied by (i) the issue and allotment of the 425,568,000 new shares at share price of HK\$0.131 per new share by the Company; and (ii) the issue of the promissory note by the purchaser to the vendor as to HK\$20,250,592 upon completion. The vendor irrevocably and unconditionally guaranteed to the purchaser that the audited net profit after tax of Palinda HK for the year ending 31 March 2019 (the “Guaranteed Profit”). The Palinda Group is principally engaged in trading of wine products in Hong Kong. The acquisition was completed on 22 January 2019. The Guaranteed Profit has been achieved for the year ended 31 March 2019 in accordance with the unaudited financial statements of Palinda HK.

On 27 February 2019, a direct wholly owned subsidiary of the Company as the purchaser and the vendor has entered into the sale and purchase agreement to acquire 100% of issued share capital of Irving Global Limited and its wholly owned subsidiary (collectively “IGL Group”) at the consideration of HK\$9.9 million. The consideration will be satisfied by the issue of the promissory note by the purchaser to the vendor upon completion. The IGL Group is principally engaged in retailing of wine products in Hong Kong. The acquisition was completed on 28 February 2019.

On 27 February 2019, a direct wholly owned subsidiary of the Company as the purchaser and the vendor has entered into the sale and purchase agreement to acquire 100% of issued share capital of Happy Profit Global Limited and its subsidiary (collectively “HPG Group”) at the consideration of HK\$9.9 million. The consideration will be satisfied by the issue of the promissory note by the purchaser to the vendor upon completion. The HPG Group is principally engaged in trading of wine and olive oil products in Hong Kong. The acquisition was completed on 28 February 2019.

Pursuant to the announcement of the Company dated 2 April 2019, a direct wholly owned subsidiary of the Company as the vendor and the purchaser has entered into the sale and purchase agreement to sell (i) the entire issued share capital of Food Idea Capital Limited ("FIC"), which shall be free from encumbrances and third party rights; and (ii) the sale loan, representing the entire amount due and owing by the FIC to the Vendor as at the completion date, at an aggregate cash consideration of HK\$13,380,000. FIC is a property holding company and its principal asset is the property, which is a commercial unit situated in Wanchai, Hong Kong. The disposal was completed on 31 May 2019.

During the 2019 interim, the Group disposed of certain subsidiaries with net assets values of approximately HK\$400,000 and HK\$7,000 respectively, to an independent third party. Gain on disposal of subsidiaries of approximately HK\$41,000 and HK\$354,000 were recorded respectively by the Group.

Saved as the above, financial assets at FVTPL and others disclosed elsewhere in this report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the 2019 Interim.

SHARE OPTION SCHEME

Details of the share option scheme are set out in the Note 23 to the Interim Financial Statements.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors for the 2019 Interim is set out below:

- (i) Mr. Li Lap Keung has been serving as a company secretary of Hevol Services Group Company Limited, the shares of which are listed on the Stock Exchange (Stock code: 6093).

Save as disclosed above and elsewhere in this report, there is no other information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules for the 2019 Interim.

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 2019, 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
Mr. Yu Ka Ho	Beneficial owner	256	0.00%

Saved as disclosed above, as at 30 June 2019, 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 2019, other than the Directors and chief executives of the Company whose interests and short positions are disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations" above, the following parties have interest or short position in the shares or underlying shares of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who was expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Long positions in shares and underlying shares of the Company

Name	Capacity / nature of interest	Total number of ordinary shares	Approximate percentage of interest
Huang Wei	Beneficial owner	425,568,000	15.38%
Yuen Wai Ching Loretta	Beneficial owner	146,052,000	5.28%
Wong Ryan Tai Cheong ("Wong TC") (Note 1)	Interest in controlled corporations	254,863,200	9.21%
KMW Investments Limited ("KMW") (Note 1)	Beneficial owner	254,863,200	9.21%
Wong Man Ho Matthew	Beneficial owner	177,729,184	6.43%

Note

1. KMW is a company incorporated in the British Virgin Islands and the entire share capital of KMW is owned by Wong TC. By virtue of SFO, Wong TC is deemed to be interested in all shares owned by KMW.

Saved as disclosed above, as at 30 June 2019, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations” above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections “Share Option Scheme” and “Directors’ and chief executives’ interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations” above, at no time during the 2019 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 2019 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 2019 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 2018 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 2019 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 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 is the chairman of the Audit Committee.

The Audit Committee had reviewed the unaudited Interim Financial Statements for the 2019 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
Wong Hoi Yu
Chairman and executive Director

Hong Kong, 12 August 2019

As at the date of this report, the Board of the Company comprises Mr. Wong Hoi Yu and Mr. Yu Ka Ho as executive Directors, and Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, B.B.S., as independent non-executive Directors.