

新煮意控股有限公司
FOOD IDEA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8179)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

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

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

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

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

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

		For the three months ended 30 June		For the six months ended 30 June	
		2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
<u>Continuing operations</u>					
Revenue	4	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	5	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	6	(2,279)	(2,637)	(4,401)	(3,858)
(Loss)/profit before tax from continuing operations					
	7	(4,119)	2,377	(10,588)	(2,843)
Income tax credit/(expenses)	8	29	(2,013)	57	(2,020)
(Loss)/profit for the period from continuing operations					
		(4,090)	364	(10,531)	(4,863)
<u>Discontinued operation</u>					
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Loss for the period from discontinued operation		–	(1,289)	–	(2,520)
Loss for the period		(4,090)	(925)	(10,531)	(7,383)

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

For the three months and six months ended 30 June 2020

	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)
Note				
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
	<u>5,678</u>	<u>(760)</u>	<u>(1,118)</u>	<u>139</u>
Total comprehensive expenses for the period	<u>1,588</u>	<u>(1,685)</u>	<u>(11,649)</u>	<u>(7,244)</u>
(Loss)/profit for the period from continuing operations attributable to:				
Owners of the Company	(2,804)	554	(9,844)	(4,298)
Non-controlling interests	<u>(1,286)</u>	<u>(190)</u>	<u>(687)</u>	<u>(565)</u>
	<u>(4,090)</u>	<u>364</u>	<u>(10,531)</u>	<u>(4,863)</u>
Loss for the period from discontinued operation attributable to:				
Owners of the Company	–	(1,289)	–	(2,520)
Non-controlling interests	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>(1,289)</u>	<u>–</u>	<u>(2,520)</u>
Loss for the period attributable to:				
Owners of the Company	(2,804)	(735)	(9,844)	(6,818)
Non-controlling interests	<u>(1,286)</u>	<u>(190)</u>	<u>(687)</u>	<u>(565)</u>
	<u>(4,090)</u>	<u>(925)</u>	<u>(10,531)</u>	<u>(7,383)</u>
Total comprehensive expenses for the period attributable to:				
Owners of the Company	2,874	(1,495)	(10,962)	(6,679)
Non-controlling interests	<u>(1,286)</u>	<u>(190)</u>	<u>(687)</u>	<u>(565)</u>
	<u>1,588</u>	<u>(1,685)</u>	<u>(11,649)</u>	<u>(7,244)</u>
(Loss)/profit per share				
From continuing operations				
– Basic and diluted (HK cents per share)	<u>(0.59)</u>	<u>0.02</u>	<u>(2.06)</u>	<u>(0.16)</u>
From discontinued operation				
– Basic and diluted (HK cents per share)	<u>–</u>	<u>(0.05)</u>	<u>–</u>	<u>(0.09)</u>
From continuing and discontinued operations				
– Basic and diluted (HK cents per share)	<u>(0.59)</u>	<u>(0.03)</u>	<u>(2.06)</u>	<u>(0.25)</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

		As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		65,313	1,226
Right-of-use assets		787	1,945
Investment properties		–	25,488
Goodwill		24,360	27,192
Interests in associates		–	4,071
Rental deposits		97	205
		<u>90,557</u>	<u>60,127</u>
Current assets			
Inventories		318,817	307,990
Loan and interest receivables		–	2,484
Trade receivables	11	55,205	44,573
Loan to an associate		–	3,000
Amounts due from associates		–	3
Prepayments, deposits and other receivables		68,943	60,274
Income tax recoverable		1,917	–
Bank balances and cash		5,570	4,079
		<u>450,452</u>	<u>422,403</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2020

		As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
	Notes		
Current liabilities			
Trade payables	12	3,408	9,179
Other payables, accruals and deposits received		10,307	16,559
Income tax payable		–	1,633
Borrowings		10,746	14,981
Promissory notes		2,449	5,147
Lease liabilities		656	1,082
		<u>27,566</u>	<u>48,581</u>
Net current assets		<u>422,886</u>	<u>373,822</u>
Total assets less current liabilities		<u>513,443</u>	<u>433,949</u>
Non-current liabilities			
Borrowings		59,747	–
Promissory notes		66,105	74,141
Lease liabilities		66	852
Deferred tax liabilities		14,882	–
		<u>140,800</u>	<u>74,993</u>
Net assets		<u><u>372,643</u></u>	<u><u>358,956</u></u>
Capital and reserves			
Share capital		53,325	41,493
Reserves		<u>321,367</u>	<u>318,825</u>
Equity attributable to owners of the Company		374,692	360,318
Non-controlling interests		<u>(2,049)</u>	<u>(1,362)</u>
Total equity		<u><u>372,643</u></u>	<u><u>358,956</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2020

	Attributable to owners of the Company									
	Share capital	Share premium	Shares options reserve	Capital reserve	Other reserve	Foreign currency translation reserve	Accumulated loss	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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)	(336,332)	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.

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 ⁵
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. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(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
	<u>30,962</u>	<u>52,658</u>	<u>88,347</u>	<u>98,359</u>

5. OTHER GAIN/(LOSSES), NET

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(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)
	<u>3,634</u>	<u>1,461</u>	<u>(312)</u>	<u>1,461</u>

6. FINANCE COSTS

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

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

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

8. INCOME TAX (CREDIT)/EXPENSES

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

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 \$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.

9. (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 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited) (Restated)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (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	<u><u>(2,804)</u></u>	<u><u>554</u></u>	<u><u>(9,844)</u></u>	<u><u>(4,298)</u></u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>477,155,000</u></u>	<u><u>2,766,208,000</u></u>	<u><u>477,155,000</u></u>	<u><u>2,680,154,000</u></u>
(Loss)/profit per share from continuing operations				
– Basic and diluted	<u><u>(0.59)</u></u>	<u><u>0.02</u></u>	<u><u>(2.06)</u></u>	<u><u>(0.16)</u></u>

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	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(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	<u>–</u>	<u>(1,289)</u>	<u>–</u>	<u>(2,520)</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>477,155,000</u>	<u>2,766,208,000</u>	<u>477,155,000</u>	<u>2,680,154,000</u>
Loss per share from discontinued operation				
– Basic and diluted	<u>–</u>	<u>(0.05)</u>	<u>–</u>	<u>(0.09)</u>

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	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(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	<u>(2,804)</u>	<u>(735)</u>	<u>(9,844)</u>	<u>(6,818)</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>477,155,000</u>	<u>2,766,208,000</u>	<u>477,155,000</u>	<u>2,680,154,000</u>
Loss per share from continuing and discontinued operation				
– Basic and diluted	<u>(0.59)</u>	<u>(0.03)</u>	<u>(2.06)</u>	<u>(0.25)</u>

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.

10. DIVIDEND

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

11. 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 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (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
	<u>55,205</u>	<u>44,573</u>

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

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

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

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

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

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

13. 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 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (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	<u>—</u>	<u>(1,289)</u>	<u>—</u>	<u>(2,520)</u>

14. 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 announcement, 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 20 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 13 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\$17.6 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 announcement, 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 22 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, 13 August 2020

As at the date of this announcement, the Board of the Company comprises Ms. Huang Wei and Mr. Dou Sheng as executive Directors, and Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, B.B.S., as independent non-executive Directors.

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