國農金融投資有限公司
China Demeter Financial Investments Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8120)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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RESULTS

The board of directors (the "**Board**") of the Company announces the audited consolidated final results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018 together with the comparative figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Continuing operations			
Revenue			
Sales of feedstock products		**36,473**	32,110
Alcoholic beverage distribution business		**10,133**	–
Food and beverage business		**12,494**	–
Dividend income from listed equity instruments		**113**	204
Loan interest income		**10,662**	7,305
Provision of children education services		**1,182**	–
Provision of financial services		**2,366**	13,774
Total revenue	*4*	**73,423**	53,393
Cost of sales and services		**(47,526)**	(31,251)
Gross profit		**25,897**	22,142
Other income, other gains and losses	*4*	**(7,238)**	26,361
Selling and distribution costs		**(326)**	(259)
General and administrative expenses		**(49,865)**	(37,220)
Fair value loss on financial assets through profit or loss		**(7,603)**	(87,506)
Impairment loss of available-for-sale investments		**–**	(6,680)
Impairment loss of goodwill		**–**	(13,844)
Share of loss of a joint venture		**(1,801)**	(759)
Finance costs	*5*	**(38)**	(1,104)
Loss before tax		**(40,974)**	(98,869)
Income tax (expenses)/credit	*6*	**(320)**	40
Loss for the year from continuing operations	*8*	**(41,294)**	(98,829)
Discontinued operations			
Profit for the year from discontinued operations	*7*	**–**	1,050
Loss for the year		**(41,294)**	(97,779)

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

For the year ended 31 December 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(1,474)**	2,107
Share of other comprehensive (expense)/income of a joint venture		**(41)**	225
Reclassification adjustments relating to foreign operations disposed of during the year		**–**	(1,830)
		(1,515)	502
Items that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**(14,416)**	–
Other comprehensive (expense)/income for the year		**(15,931)**	502
Total comprehensive expense for the year		**(57,225)**	(97,277)
(Loss)/profit for the year attributable to owners of the Company			
– from continuing operations		**(40,542)**	(99,021)
– from discontinued operations		**–**	534
		(40,542)	(98,487)
(Loss)/profit for the year attributable to non-controlling interests			
– from continuing operations		**(752)**	192
– from discontinued operations		**–**	516
		(752)	708
		(41,294)	(97,779)
Total comprehensive (expense)/income attributable to:			
– Owners of the Company		**(55,819)**	(98,135)
– Non-controlling interests		**(1,406)**	858
		(57,225)	(97,277)
Loss per share	*9*		
– for continuing and discontinued operations			
Basic *(HK cents)*		**(3.56)**	(11.17)
Diluted *(HK cents)*		**(3.56)**	(11.17)
– for continuing operations			
Basic *(HK cents)*		**(3.56)**	(11.23)
Diluted *(HK cents)*		**(3.56)**	(11.23)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**13,827**	7,334
Prepaid lease payments		**842**	911
Goodwill		**20,200**	–
Intangible asset		**500**	500
Investment in a joint venture		**1,732**	3,574
Loans and interest receivables	*12*	**8,030**	11,939
Available-for-sale investments	*13*	**–**	25,947
Financial assets at fair value through other comprehensive income	*15*	**7,125**	–
Other assets		**3,167**	12,412
Deferred tax assets		**–**	88
		55,423	62,705
Current assets			
Inventories		**4,297**	2,343
Trade receivables	*10*	**17,516**	22,457
Loans and interest receivables	*12*	**79,391**	85,041
Deposits, prepayments and other receivables	*11*	**11,526**	15,716
Financial assets at fair value through profit or loss	*14*	**24,831**	14,983
Tax recoverable		**–**	57
Trust bank accounts		**22,996**	28,954
Cash and cash equivalents		**68,576**	94,293
		229,133	263,844
Current liabilities			
Trade and other payables	*16*	**37,832**	37,936
Amount due to a joint venture		**56**	–
Current tax liabilities		**171**	10
		38,059	37,946
Net current assets		**191,074**	225,898
Total assets less current liabilities		**246,497**	288,603

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2018

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Capital and reserves			
Share capital		**12,242**	9,936
Reserves		**231,174**	267,799
Equity attributable to owners of the Company		**243,416**	277,735
Non-controlling interests		**3,081**	10,868
Total equity		**246,497**	288,603

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	PRC statutory reserve HK$'000	Share options reserve HK$'000	Foreign currency translation reserve HK$'000	Available-for-sale investments revaluation/ FVOCI reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Sub-total HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2017	7,691	118,769	153,551	61,545	873	–	1,406	(112)	17,697	361,420	37,961	399,381
(Loss)/profit for the year	–	–	–	–	–	–	–	–	(98,487)	(98,487)	708	(97,779)
Other comprehensive income for the year	–	–	–	–	–	–	352	–	–	352	150	502
Total comprehensive income/(expense) for the year	–	–	–	–	–	–	352	–	(98,487)	(98,135)	858	(97,277)
Issue of shares upon exercise of share options	707	6,901	–	–	–	(1,531)	–	–	–	6,077	–	6,077
Issue of placing shares	1,538	13,842	–	–	–	–	–	–	–	15,380	–	15,380
Transaction costs attributable to issue of shares	–	(638)	–	–	–	–	–	–	–	(638)	–	(638)
Share of effects of equity transaction of a joint venture	–	–	–	–	–	–	–	–	1,676	1,676	–	1,676
Recognition of equity-settled share-based payments	–	–	–	–	–	3,204	–	–	–	3,204	–	3,204
Lapse of share options	–	–	–	–	–	(166)	–	–	166	–	–	–
Acquisition of a non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	(11,249)	(11,249)	(27,951)	(39,200)
Balance at 31 December 2017	9,936	138,874	153,551	61,545	873	1,507	1,758	(112)	(90,197)	277,735	10,868	288,603
Effect of change in accounting policy	–	–	–	–	–	–	–	(13,934)	13,934	–	–	–
At 1 January 2018 (restated)	9,936	138,874	153,551	61,545	873	1,507	1,758	(14,046)	(76,263)	277,735	10,868	288,603
Loss for the year	–	–	–	–	–	–	–	–	(40,542)	(40,542)	(752)	(41,294)
Other comprehensive expense for the year	–	–	–	–	–	–	(861)	(14,416)	–	(15,277)	(654)	(15,931)
Total comprehensive expense for the year	–	–	–	–	–	–	(861)	(14,416)	(40,542)	(55,819)	(1,406)	(57,225)
Issue of shares upon exercise of share options	461	5,495	–	–	–	(1,010)	–	–	–	4,946	–	4,946
Issue of placing shares	1,845	16,605	–	–	–	–	–	–	–	18,450	–	18,450
Transaction costs attributable to issue of shares	–	(865)	–	–	–	–	–	–	–	(865)	–	(865)
Lapse of share options	–	–	–	–	–	(497)	–	–	497	–	–	–
Acquisition of a non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	(1,031)	(1,031)	(8,969)	(10,000)
Disposal of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	–	–	1,428	1,428
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	1,160	1,160
Balance at 31 December 2018	**12,242**	**160,109**	**153,551**	**61,545**	**873**	**–**	**897**	**(28,462)**	**(117,339)**	**243,416**	**3,081**	**246,497**

NOTES

1. GENERAL

China Demeter Financial Investments Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 22 September 2000 under the Companies Laws of the Cayman Islands.

In 2014, the Company has been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda and the change of domicile became effective on 8 May 2014 (Bermuda time).

The shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is located at Unit 1002, 10/F, China Insurance Group Building, 141 Des Voeux Road Central, Central, Hong Kong.

The principal activity of the Company is investment holding. During the year, the Company and its subsidiaries (collectively the "**Group**") was involved in the following principal activities:

- manufacturing, development and distribution of feedstock products and related activities in the People's Republic of China (the "**PRC**");
- provision of loan financing in Hong Kong;
- provision of financial services (including advising and dealing in securities and asset management);
- investment in listed and unlisted securities;
- provision of food and beverage services;
- alcoholic beverage distribution; and
- provision of children education services.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers and the related Amendments*
HK(IFRIC) – Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
Amendments to HKAS 28	*As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle*
Amendments to HKAS 40	*Transfers of Investment Property*

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

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Agricultural segment comprises the feedstock products business in the PRC;
- Money lending segment comprises provision of loan financing in Hong Kong;
- Financial services segment comprises advising and dealing in securities and asset management;
- Securities investment segment comprises investment in listed securities;
- Food and beverage segment in Hong Kong and Singapore;
- Alcoholic beverage distribution business comprises distribution of imported craft beer in Hong Kong and the PRC; and
- Kindergarten or pre-school education business.

There was no impact on the amounts recognised in relation to these assets from application of HKFRS 15.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits/(accumulated losses) and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Available-for-sale investments	Financial assets at FVTPL required by HKAS 39/ HKFRS 9	Financial assets at FVTOCI	Available-for-sales investment revaluation/ FVTOCI reserve
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance at 31 December 2017 – HKAS 39	25,947	14,983	–	–
Effect arising from initial application of HKFRS 9	–	–	–	(13,934)
Reclassification				
From available-for-sale investments	(25,947)	–	25,947	–
Opening balance at 1 January 2018	–	14,983	25,947	(13,934)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 Financial Instruments (Continued)

(a) Available-for-sale investments

From available-for-sale equity investments to fair value through other comprehensive income ("FVTOCI")

The Group elected to present in other comprehensive income for the fair value changes of all its fund investments previously classified as available-for-sale. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$25,947,000 were reclassified from available-for-sale investments to financial assets at FVTOCI, of which HK$18,759,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39. No fair value changes relating to those unquoted equity investments previously carried at cost less impairment were adjusted to financial assets at FVTOCI and FVTOCI reserve as at 1 January 2018. The fair value losses of HK$112,000 relating to those investments previously carried at fair value continued to accumulate in FVTOCI reserve. In addition, impairment losses previously recognised of HK$13,934,000 were transferred from accumulated losses to FVTOCI reserve as at 1 January 2018.

(b) Financial assets at fair value through profit or loss ("FVTPL")

The Group has reassessed its investments in equity securities classified as held for trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK$14,983,000 of the Group's investments were held for trading and continued to be measured at FVTPL.

There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(c) Impairment under ECL model

Except for loans and interest receivables, the trade receivables in agricultural business and financial services business, the Group applies the HKFRS 9 simplified approach to measure lifetime ECL for all trade receivable of other business by assessing aggregately based on the provisional matrix estimated by reference to the internal credit rating or past due analysis plus looking forward information. The lifetime ECL of trade receivables in agricultural business and financial services business is to be assessed individually with the same basis as mentioned.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including trust bank accounts bank balances, and deposits and other receivables), are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following:

(a) In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions of a cash-settled share-based payment should follow the same approach as for equity-settled share-based payments;

(b) Where tax law or regulation requires the Group to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, that is, the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature; and

(c) A modification of a share-based payment that changes the transaction from cash-settled to equity– settled should be accounted for as follows:

  (i) the original liability is derecognised;

  (ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

  (iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

There was no impact on the amounts recognised in relation to these assets from application of Amendments to HKFRS 2.

Amendments to HKAS 28 As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

The amendments clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

There was no impact on the amounts recognised in relation to these assets from application of Amendments to HKAS 28 As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Impacts on opening consolidated statement of financial position arising from the application of all new standards, amendments and interpretation

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited) *HK$'000*	**HKFRS 15** *HK$'000*	**HKFRS 9** *HK$'000*	**1 January 2018 (Restated)** *HK$'000*
Non-current assets				
Available-for-sale investments	25,947	–	(25,947)	–
Financial assets at FVTOCI	–	–	25,947	25,947

3. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

- Agricultural segment comprises the feedstock products business in the PRC;
- Money lending segment comprises provision of loan financing in Hong Kong;
- Financial services segment comprises advising and dealing in securities and asset management;
- Securities investment segment comprises investment in listed securities;
- Food and beverage segment in Hong Kong and Singapore;
- Alcoholic beverage distribution business comprises distribution of imported craft beer in Hong Kong and the PRC; and
- Kindergarten or pre-school education business.

3. SEGMENT INFORMATION (Continued)

In late June 2017, there was a sharp decline in the share price of certain stocks held by a subsidiary of the Company, China Demeter Securities Limited ("**CD Securities**") as collateral securities for its margin clients ("**June Incident**"). As a result of the June Incident, a number of CD Securities' accounts receivable arising from margin financing business became undercollateralised. Following the June Incident and the deterioration of CD Securities' margin loans during and after the June Incident, CD Securities received a letter from the Securities and Futures Commission ("**SFC**"), wherein the SFC, among other things, had raised concern about certain issues on CD Securities' margin loan operations and requirements under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission ("**Code of Conduct**"). In such connection, the SFC had instructed CD Securities to temporarily refrain from providing further margin lending to its clients and refine its margin financing policy. Hence, the interest income from Securities clients and commission from securities dealing decreased accordingly. CD securities had undertaken to the SFC to address the concerns satisfactorily within a reasonable period of time. In late October 2018, CD Securities has reinforced control measures to ensure compliance with its revised internal control policies and procedures for its securities margin financing activities and the Code of Conduct.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by operating and reportable segment:

Continuing operations	Agricultural		Money lending		Financial services		Securities investment		Food and beverage		Alcoholic beverage distribution		Children education services		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue																
Revenue from external customers	**36,473**	32,110	**10,662**	7,305	**2,366**	13,774	**113**	204	**12,494**	–	**10,133**	–	**1,182**	–	**73,423**	53,393
Inter-segment revenue	**–**	–	**–**	–	**93**	185	**–**	–	**–**	–	**–**	–	**–**	–	**93**	185
Segment revenue	**36,473**	32,110	**10,662**	7,305	**2,459**	13,959	**113**	204	**12,494**	–	**10,133**	–	**1,182**	–	**73,516**	53,578
Elimination															**(93)**	(185)
Group revenue															**73,423**	53,393
Segment (loss) profit	**(4,720)**	(2,724)	**2,776**	6,070	**(8,178)**	(15,394)	**(7,754)**	(89,063)	**(3,362)**	–	**1,961**	–	**1,895**	–	**(17,382)**	(101,111)
Other income, other gains and losses															**2,437**	27,678
Impairment loss of available-for-sale investments															**–**	(6,680)
Share of loss of a joint venture															**(1,801)**	(759)
Finance costs															**(38)**	(1,104)
Central administration costs															**(24,190)**	(16,893)
Loss before tax															**(40,974)**	(98,869)

Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of bank interest income, dividend income from unlisted fund investments, net foreign exchange loss and sundry income as included in other income, other gains and losses, impairment loss of available-for-sale investments, share of loss of a joint venture, finance costs and central administration costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment pricing is based on similar terms to those available to other external parties for similar services.

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	Agricultural		Money lending		Financial services		Securities investment		Food and beverage		Alcoholic beverage distribution		Children education services		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**21,033**	31,437	**91,614**	109,424	**50,140**	72,866	**19,256**	47,785	**11,724**	–	**26,924**	–	**5,042**	–	**225,733**	261,512
Assets relating to discontinued animal husbandry and provision of food and beverage services operations															**–**	303
Investment in a joint venture															**1,732**	3,574
Financial assets at fair value through other comprehensive income															**7,125**	–
Available-for-sale investments															**–**	25,947
Corporate and unallocated assets															**49,966**	35,213
Consolidated assets															**284,556**	326,549
Segment liabilities	**3,225**	2,885	**82**	10	**24,440**	31,154	**–**	–	**5,475**	–	**1,814**	–	**337**	–	**35,373**	34,049
Liabilities relating to discontinued animal husbandry and provision of food and beverage services operations															**–**	1,299
Corporate and unallocated liabilities															**2,686**	2,598
Consolidated liabilities															**38,059**	37,946

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

- all assets are allocated to operating segments other than investment in a joint venture, financial assets at fair value through other comprehensive income, corporate and unallocated assets. Goodwill and intangible asset are allocated to operating segments; and

- all liabilities are allocated to operating segments other than corporate and unallocated liabilities.

Other segment information

Continuing operations	Agricultural		Money lending		Financial services		Securities investment		Food and beverage		Alcoholic beverage distribution		Children education services		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets																
Depreciation and amortisation	**1,576**	1,008	**126**	105	**336**	591	**–**	–	**951**	–	**80**	–	**159**	–	**3,228**	1,704
Unallocated depreciation															**704**	419
															3,932	2,123
(Gain)/loss on disposal of property, plant and equipment	**(29)**	–	**10**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(19)**	–
Impairment loss of goodwill	**–**	–	**–**	–	**–**	13,844	**–**	–	**–**	–	**–**	–	**–**	–	**–**	13,844
Impairment loss of loan and interest receivable	**–**	–	**6,804**	103	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**6,804**	103
Impairment of trade receivables	**2,928**	1,294	**–**	–	**–**	48	**–**	–	**–**	–	**–**	–	**–**	–	**2,928**	1,342
Reversal of impairment loss of trade receivables	**–**	–	**–**	–	**(57)**	(128)	**–**	–	**–**	–	**–**	–	**–**	–	**(57)**	(128)
Addition to non-current assets *(Note)*	**16**	11	**171**	227	**1**	31	**–**	–	**7,245**	–	**6**	–	**–**	–	**7,439**	269
Unallocated addition to non-current assets *(Note)*															**793**	2,116
															8,232	2,385

Note: Non-current assets include property, plant and equipment and excluded those relating to discontinued operations.

3. SEGMENT INFORMATION (Continued)

Geographical information

The Group's continuing operations are located in the PRC, Hong Kong and Singapore.

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

	Revenue from external customers		Non-current assets *(Note)*	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**36,473**	32,110	**4,249**	5,563
Hong Kong	**36,455**	21,283	**30,232**	3,182
Singapore	**495**	–	**2,620**	3,574
	73,423	53,393	**37,101**	12,319

Note: Non-current assets excluded those relating to discontinued operations, financial instruments and deferred tax assets.

Information about major customers

During the years ended 31 December 2018 and 2017, no customers from continuing operations contributed over 10% of the total revenue of the Group.

4. REVENUE AND OTHER INCOME, OTHER GAINS AND LOSSES

An analysis of the Group's revenue and other income, other gains and losses for the year from continuing operations is as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Sales of feedstock products	**36,473**	32,110
Alcoholic beverage distribution business	**10,133**	–
Food and beverage business	**12,494**	–
Dividend income from listed equity investments	**113**	204
Loan interest income	**10,662**	7,305
Provision of children education services	**1,182**	–
Provision of financial services		
– Commission from securities dealing	**1,694**	6,289
– Placing and underwriting commission	**255**	2,587
– Interest income from securities clients	**72**	4,600
– Clearing and handling fee income	**336**	294
– Asset management commission	**9**	4
	73,423	53,393

	2018	2017
	HK$'000	*HK$'000*
Other income, other gains and losses		
Bank interest income	**76**	19
Interest income from a joint venture	**341**	–
Dividend income from fund investments	**118**	27,487
Gain on disposal of property, plant and equipment	**19**	–
Impairment loss of loan and interest receivables	**(6,804)**	(103)
Impairment loss of trade receivables	**(2,928)**	(1,342)
Loss on disposal of subsidiaries	**(308)**	–
Reversal of impairment loss of trade receivables	**57**	128
Sundry income	**829**	187
Consultancy and referral fee income	**1,338**	–
Net foreign exchange gain/(loss)	**24**	(15)
	(7,238)	26,361

5. FINANCE COSTS

Continuing operations

	2018	2017
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**38**	1,104

6. INCOME TAX EXPENSES/(CREDIT)

Continuing operations

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**–**	7
Hong Kong Profits Tax	**232**	50
	232	57
Over-provision in prior years:		
Hong Kong Profits Tax	**–**	(20)
Deferred tax	**88**	(77)
Total income tax expense/(credit) recognised in profit or loss	**320**	(40)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2million.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. DISCONTINUED OPERATIONS

Animal husbandry business

On 18 January 2017, 廈門市東岳貿易有限公司 (in English, for identification only, "Xiamen Dongyu Trading Company Limited") ("**Vendor**"), an indirect non-wholly owned subsidiary of the Company, and an independent third party ("**Purchaser**") entered into an equity transfer agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire interest in 武平建軍生態養殖有限公司 (in English, for identification only, "Wuping Jian Jun Ecology Breeding Company Limited") ("**Wuping Jian Jun**"), a limited liability company established in the PRC, which is principally engaged in breeding and sales of live swine in the PRC, at a consideration of RMB1,100,000. The disposal constitutes a major transaction for the Company under the GEM Listing Rules and the resolution thereto was passed by the shareholders of the Company at a special general meeting held on 8 March 2017. The disposal was completed in March 2017.

The assets, liabilities and gain on disposal of Wuping Jian Jun as at the date of disposal are as follows:

	HK$'000
The net assets disposed of are as follows:	
Property, plant and equipment	197
Deposits, prepayments and other receivables	2
Cash and cash equivalents	3
Net assets disposed of	202
Gain on disposal:	
Consideration	1,239
Net assets disposed of	(202)
Release of foreign currency exchange reserve	1,830
Gain on disposal	2,867
Net cash inflow arising on disposal:	
Cash consideration	1,239
Less: cash and cash equivalents disposed of	(3)
Net cash inflow	1,236

7. **DISCONTINUED OPERATIONS (Continued)**

Food and beverage business

In November 2017, the Group decided to cease the operation of food and beverage business as the financial performance of the business over the past financial year was unsatisfactory. The cessation of operation was effected in order to avoid in making further investment in the business.

The profit (loss) for the year ended 31 December 2017 from the discontinued operations (i.e. animal husbandry and food and beverage businesses) included in the consolidated statement of profit or loss and other comprehensive income are set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the results of the animal husbandry business and food beverage business as discontinued operations.

		2017	
	Animal husbandry business	**Food and beverage business**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	–	3,584	3,584
Cost of sales and services	–	(5,105)	(5,105)
Other income	–	22	22
General and administrative expenses	(62)	(256)	(318)
	(62)	(1,755)	(1,817)
Gain on disposal of the animal husbandry business	2,867	–	2,867
Profit/(loss) for the year from discontinued operations	2,805	(1,755)	1,050
Attributable to:			
Owners of the Company	1,431	(897)	534
Non-controlling interests	1,374	(858)	516
	2,805	(1,755)	1,050
Profit for the year from discontinued operations include the following:			
Depreciation	62	–	62
Cash flows from discontinued operations			
Net cash outflow from operating activities	–	(151)	(151)
Net cash outflow	–	(151)	(151)

8. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2018	2017
	HK$'000	*HK$'000*
Loss for the year from continuing operations has been arrived at after charging/(crediting):		
Employee benefits expense (excluding directors' emoluments)		
– Salaries and other benefits	**18,302**	11,533
– Contributions to retirement benefits schemes	**762**	480
– Equity-settled share-based payments	**–**	1,763
Directors' emoluments	**4,545**	3,906
Total staff costs	**23,609**	17,682
Cost of inventories recognised as an expense (included in cost of sales and services) *(Note a)*	**43,754**	29,053
Auditor's remuneration	**987**	1,200
Amortisation of prepaid lease payments	**21**	21
Depreciation of property, plant and equipment	**3,932**	2,102
Equity-settled share-based payments granted to consultant	**–**	1,095
Net foreign exchange (gain)/loss	**(24)**	15
Minimum lease payments paid under operating leases in respect of land and buildings *(Note b)*	**6,880**	2,264

Note:

a. Cost of inventories includes HK$1,699,000 (2017: HK$1,045,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above for each of these types of expenses.

b. The amount excludes rental expense relating to a staff's quarter amounting to approximately HK$840,000 (2017: HK$466,000) which has been included in "Salaries and other benefits" within employees benefits expense disclosed above.

9. LOSS PER SHARE

From continuing and discontinued operations

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

Loss

	2018	2017
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(40,542)**	(98,487)

9. LOSS PER SHARE (Continued)

From continuing and discontinued operations (Continued)

Number of shares

	2018	2017
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,139,564**	881,425

From continuing operations

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

Loss figures are calculated as follows:

	2018	2017
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(40,542)**	(98,487)
Less: Profit for the year attributable to owners of the Company from discontinued operations	**–**	(534)
Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share from continuing operations	**(40,542)**	(99,021)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operations

	2018	2017
Earnings per share:		
– Basic *(HK cents)*	**–**	0.06
– Diluted *(HK cents)*	**–**	0.06

9. LOSS PER SHARE (Continued)

From discontinued operations (Continued)

	2018	2017
	HK$'000	*HK$'000*
Earnings:		
Earnings for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share from discontinued operations	**–**	534

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

The computation of diluted (loss)/earnings per share for the year ended 31 December 2018 and 2017 did not assume the exercise of potential ordinary shares granted under the Company's share options scheme outstanding at year end since their exercise would have an anti-dilutive effect.

10. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables		
– Agricultural and other business	**19,568**	15,221
Less: Allowance for credit losses	**(4,036)**	(1,294)
	15,532	13,927
– Financial services business		
– Dealing in securities		
– Cash clients	**35**	96
– Margin clients	**1,966**	5,597
– Clearing house	**–**	2,911
	2,001	8,604
Less: Allowance for credit losses	**(17)**	(74)
	1,984	8,530
	17,516	22,457

As at 31 December 2018 and 1 January 2018, trade receivables from contracts with customers amounted to HK$17,516,000 and HK$22,457,000 respectively.

10. TRADE RECEIVABLES (Continued)

(a) Agricultural and other business

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date:

	2018	2017
	HK$'000	*HK$'000*
0 – 90 days	**8,776**	9,217
91 – 180 days	**6,048**	4,072
181 – 365 days	**708**	638
	15,532	13,927

The Group's trading terms with its customers from the agricultural business are mainly on credit. The Group generally allows a credit period of 30-60 days (2017: 60 days) to its trade customers. The Group seeks to maintain strict control over its outstanding receivables and the management regularly reviews the overdue balances.

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$9,251,000 (2017: HK$7,818,000) which are past due as at the reporting date. Out of the past due balances, HK$2,166,000 (2017: HK$867,000) has been past due 90 days or more and is not considered as in default. The Group does not hold any collateral over these balances.

(b) Financial services business

The settlement terms of trade receivables arising from the ordinary course of financial services business of dealing in securities from cash clients and clearing house are two days after trade date.

The ageing analysis of the trade receivables, net of allowance for credit losses, arising from cash clients and clearing house, including those which are past due but not impaired at the end of each of the reporting period, based on the trade date are as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	2,911
Past due but not impaired:		
Over 3 months	**17**	22
	17	2,933

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Prepayments	**1,916**	1,932
Deposits and other receivables	**9,589**	13,763
	11,505	15,695
Current portion of prepaid lease payments	**21**	21
	11,526	15,716

12. LOANS AND INTEREST RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Loans and interest receivables	**91,487**	97,083
Loan to and interest receivables from a joint venture	**2,841**	–
Less: Allowance for credit losses	**(6,907)**	(103)
	87,421	96,980
Analysed as:		
Current	**79,391**	85,041
Non-current	**8,030**	11,939
	87,421	96,980

A maturity profile of the loans and interest receivables as at the end of the reporting period, based on the maturity date, net of provision, is as follows:

	2018	2017
	HK$'000	*HK$'000*
0-90 days	**39,448**	5,241
91-180 days	**17,681**	17,745
Over 180 days	**30,292**	73,994
	87,421	96,980

13. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2017
	HK$'000
Unlisted investments:	
Equity securities at fair value	–
Fund investment at fair value	7,188
Fund investments at cost less impairment	18,759
	25,947

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVTPL:

	2018	2017
	HK$'000	*HK$'000*
Listed securities held for trading:		
– Equity securities listed in Hong Kong	**24,831**	14,983

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018	2017
	HK$'000	***HK$'000***
Unlisted investments:		
– Equity securities	**–**	–
– Fund investments	**7,125**	–
	7,125	–

16. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables		
– Agricultural and other business *(Note (i))*	**5,058**	2,894
– Financial services business *(Note (ii))*		
Dealing in securities		
– Cash clients	**16,201**	24,243
– Margin clients	**5,917**	5,582
– Clearing house	**938**	–
Asset management	**923**	782
Other payables and accruals	**8,490**	4,435
Contract liabilities	**305**	–
	37,832	37,936

Notes:

(i) The following is an aged analysis of trade payables from agricultural and other business, presented based on invoice date at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
0 – 90 days	**1,211**	1,292
91 – 180 days	**933**	163
Over 180 days	**2,914**	1,439
	5,058	2,894

(ii) The settlement terms of trade payables arising from the ordinary course of financial services business of dealing in securities are two days after trade date.

Trade payables to clients bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date. No aged analysis is disclosed as, in the opinion of the directors of the Company, the aged analysis does not give additional value in view of the nature of business. At 31 December 2018, the trade payables amounting to approximately HK$22,996,000 (2017: HK$28,954,000) were payable to clients in respect of the trust and segregated bank balances received which are held for clients in the course of conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these payables with the deposits placed.

17. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following significant commitments which were not provided for in the consolidated financial statements:

	2018	2017
	HK$'000	*HK$'000*
Authorised and contracted for:		
Capital contribution to investments	**966**	953

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

The Company recorded a net loss attributable to owners of the Company of approximately HK$40,542,000 for the year ended 31 December 2018 ("**Year**") (31 December 2017: approximately HK$98,487,000). This was mainly attributable to the fair value loss on financial assets through profit or loss of approximately HK$7,603,000, the impairment loss of loan and interest receivables of approximately HK$6,804,000, the impairment loss of trade receivables of approximately HK$2,928,000 and the general and administrative expenses of approximately HK$49,865,000, which were offset by loan interest income of approximately HK$10,662,000 and income from alcoholic beverage distribution business of approximately HK$10,133,000.

Revenue for the Year increased by approximately 37.5% to approximately HK$73,423,000 (31 December 2017: approximately HK$53,393,000), while gross profit for the Year was approximately HK$25,897,000 (31 December 2017: approximately HK$22,142,000). Revenue for the Year comprised the sales of feedstock products amounting to approximately HK$36,473,000 (31 December 2017: approximately HK$32,110,000), dividend income from listed equity investments amounting to approximately HK$113,000 (31 December 2017: approximately HK$204,000), loan interest income amounting to approximately HK$10,662,000 (31 December 2017: approximately HK$7,305,000), provision of financial services amounting to approximately HK$2,366,000 (31 December 2017: approximately HK$13,774,000), alcoholic beverage distribution business amounting to approximately HK$10,133,000 (31 December 2017: Nil), food and beverage business amounting to approximately HK$12,494,000 (31 December 2017: Nil), and provision of children education services amounting to approximately HK$1,182,000 (31 December 2017: Nil).

General and administrative expenses for the Year increased to approximately HK$49,865,000 (31 December 2017: approximately HK$37,220,000). Such increase was mainly due to inclusion of the operating expenses of the newly acquired businesses including alcoholic beverage distribution business, food and beverage business and provision of children education services to the administrative expenses of the Group upon the completion of their respective acquisition during the Year.

AGRICULTURAL BUSINESS

Revenue of the feedstock product business for the Year amounted to approximately HK$36,473,000 (31 December 2017: approximately HK$32,110,000), representing an increase of approximately HK$4,363,000 as compared to the same period last year. This was mainly attributable to steady sales of feedstock products. As at 31 December 2018, trade receivables in relation to agricultural business with carrying amount of HK$2,928,000 was considered uncollectible and an impairment in respect of such trade receivables was made based on historical credit loss experience. As such, the loss recorded from agricultural business increased accordingly.

MONEY LENDING BUSINESS

The licensing of money lenders and regulation of money-lending transactions are governed by the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong, in which a person or company carrying on business as a money lender in Hong Kong must obtain a money lender licence.

The market of money lending business by licensed money lenders in Hong Kong is keen and competitive. Based on the list of existing money lenders licensees as maintained by the Registrar of Companies in Hong Kong, there were more than 2,100 licensed money lenders (including applications for renewal in progress) in Hong Kong as at 31 December 2018.

The scope of money lending services provided by licensed money lenders generally includes personal loans, business loans and mortgage loans. Within a loan category, the interest rates, the length of term of loan and choice of instalments vary with each licensed money lender. In addition to competition with other licensed money lenders, licensed money lenders also compete with authorised institutions such as banks, restricted licensed banks and deposit-taking companies in the provision of money lending services, although licensed money lenders may offer an advantage in providing loans with simpler approval procedures and greater flexibility.

Therefore, in view of the competitive landscape of the money lending business in Hong Kong, to reach itself potential borrowers who might compare lending services and products across various options, the brand exposure and target market are important to a licensed money lender.

The Group's money lending business does not generally target the general public. In order to differentiate itself from other licensed money lenders in the market, the target customers of the money lending business of the Group are mainly as follows:

(i) as regards personal loans, the Group targets well-heeled and reputational customers, the occupations of which ranged from executives, businessmen to professionals; and

(ii) as regards business loans, the Group targets well-established companies with business operations in Hong Kong and/or the PRC.

For the year ended 31 December 2018, the Group mainly provided term loans to individuals and companies where interests are payable by tailor-made schedule at fixed interest rate. The Group's money lending business do not usually grant loans to connected persons of the Company and for the year ended 31 December 2018, Group has not granted any loan to the connected persons of the Company.

As at 31 December 2018, personal loans represented approximately 81% and business loans represented approximately 19% respectively in value of the Group's total active and outstanding loan portfolio. All of the customers in the Group's money lending business are Hong Kong or PRC residents or companies with business operations either in Hong Kong and/or the PRC and come from referral from the business partners of the Group.

The majority of our loans are short-term loans repayable within a year. As at 31 December 2018, 91% of outstanding loan balances were short-term loans repayable within one year and 9% of outstanding loan balances were long-term loans repayable beyond one year.

As at 31 December 2018, the effective interest rate of the active and outstanding loans in the loan portfolio of the Group's money lending business ranged from approximately 5% to 24% per annum. Most of the loans granted by the money lending business of the Group are unsecured loans. To justify the higher credit risk, the Group typically charge a higher interest rate. Unsecured loans represented approximately 80% of the Group's total active and outstanding loan portfolio as at 31 December 2018. Most of such unsecured loans were advanced to individuals, who are well-heeled and reputable and therefore, the Group has not requested for additional personal guarantees in respect to such loans.

Given that the majority of the loans granted by the Group's money lending business are short-term loans provided to our customers who, as mentioned above, were well-heeled and reputable individuals and well-established companies who/which need short-term financing for personal/business needs, the collateral requirement was not viable as it was inconvenient to provide collaterals for short-term loans. Moreover, the creation and release of collaterals for short-term loans will create unnecessary administrative cost to the Group. In view of the higher underlying credit risk and lack of collateral, the Group could typically charge higher interest rates. Also, the Group usually required customers to provide signed and post-dated bank cheques with payments in accordance with tailor made repayment schedules.

For certain corporate customers, the Group has requested personal/corporate guarantees in order to enhance the recoverability of the loans. In determining whether a personal/corporate guarantee is required to add further security for the loan, the Group will consider, on a case by case basis, the reason for the borrowing, the credit history of the borrower with the Group, the borrower's financial background and the Group's credit exposure for the loan. As at 31 December 2018, loans which are backed by personal/corporate guarantees/mortgages in respect of a property represented approximately 22% in total number of loans, and approximately 20% in value of our Group's total active and outstanding loan portfolio.

During the Year, the Group used its surplus liquidity to fund the money lending business, loan interest income from this business segment amounted to approximately HK$10,662,000 during the Year (31 December 2017: approximately HK$7,305,000).

Impairment loss of loan and interest receivables of approximately HK$6,804,000 was made on the Group's money lending business for the Year. The impairment was made after considering the recoverability of the loan and the related interest.

CREDIT POLICY AND LOAN APPROVAL PROCESS

The Board has set up a credit committee (the "**Credit Committee**") and adopted a credit policy for the credit approval procedures. The Credit Committee has full authority to deal with all credit matters. The members of the Credit Committee are appointed by the Board and the quorum of the Credit Committee is at least two committee members.

The primary duties of the Credit Committee are, among other things, to approve and oversee the credit policy of the Group's money lending business and to monitor our loan portfolio. The credit policy of the Group's money lending business is subject to the review and amendments by the Credit Committee and the Board from time to time in line with changes in market environment. Given the fast changing environment, the Board and the Credit Committee endeavor to review the credit policy at least once a year.

Loan applications are generally received by the Credit Committee members, who are responsible for verifying the loan application documents and processing the loan applications. Credit Committee members are the main contact point with the customers, and are responsible for collecting the customers' information and handling loan application documents throughout the loan application process.

After receiving of the loan applications, the Credit Committee will perform the credit assessment procedures to assess the repayment ability of customers. The Group has set out strict credit check procedures to verify the credit worthiness of the customers. As each loan is different and unique, the Group does not have any specific quantitative conditions or criteria imposed for approving its loan. Each loan is decided on a case-by-case basis.

The following is a summary of the general guidelines of assessing the loan applications by the Credit Committee:

(1) Identity proof – such as identity card and passport (for individuals) and business registration certificate, certificate of incorporation and the constitutional documents (for corporate entities) must be verified;

(2) Address proof – such as utility bills, bank/credit card statements or formal correspondence issued by a government or statutory body is required to be produced;

(3) Repayment ability assessment – to assess and justify the repayment ability of the customer, criteria such as availability of guarantor, the background of the customer, and where applicable, the past payment record and any other relevant information are to be considered. The Credit Committee may request further information from the customer including but not limited to the followings: tax demand note, tax return, bank book record, bank statement, payroll slip, MPF statement, employer's letter, employment contract, rental income receipt, tenancy agreement, financial statements, and auditor's report etc.; and

(4) Legal search – a legal search will be conducted on the customers (and as the case may be, the guarantors) to ascertain if the potential borrowers have any prior legal cases in the past, which may cast doubt on credit worthiness and repayment ability.

As with the credit assessment of borrowers, guarantors who provide personal/corporate guarantee in favour of a loan are also required to meet the same basic eligibility and approval criteria, and will be required to go through the same verification and approval procedures.

The Credit Committee members will also be responsible for determining the interest rates charged to the customers, having taken into consideration factors such as the credit risks of the customers, their recoverability and the prevalent market interest rates. Typically, higher interest rates will be charged for unsecured loans to justify the higher credit risk.

After credit assessment and review of the loan applications by the Credit Committee, loan documents will be prepared and the loans will be recommended to the directors of the wholly-owned subsidiaries of the Company which operates the money lending business for final approval.

If the applicable percentage ratios as defined under the GEM Listing Rules in respect of the making of the loan under the loan application would constitute a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules, the loan application will be forwarded to the Board and a meeting of the Board will be held to consider and approve the loan application. It is the Group's policy not to make any advance to a borrower if such a proposed loan transaction will constitute a major transaction or above under the GEM Listing Rules.

FINANCIAL SERVICES BUSINESS

During the Year, revenue from external customers of China Demeter Securities Limited ("**CD Securities**") amounted to approximately HK$2,366,000 (31 December 2017: approximately HK$13,774,000). CD Securities is a wholly-owned subsidiary of the Group, principally engaged in advising on securities and dealing in securities and is a licensed corporation in Hong Kong to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

In late June 2017, there was a sharp decline in the share price of certain stocks held by CD Securities as collateral for its margin clients (the "**June Incident**"). As a result of the June Incident, a number of CD Securities' accounts receivable arising from margin financing business became undercollateralised. Following the June Incident and the deterioration of CD Securities' margin loans during and after the June Incident, CD Securities received a letter from the Securities and Futures Commission ("**SFC**"), wherein the SFC, among other things, had raised concern about certain issues on CD Securities' margin loan operations and requirements under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**Code of Conduct**"). In such connection, the SFC had instructed CD Securities to temporarily refrain from providing further margin lending to its clients and refine its margin financing policy. Hence, the interest income from securities clients and commission from securities dealing decreased accordingly. In late October 2018, CD Securities has reinforced control measures to ensure compliance with its revised internal control policies and procedure for its securities margin financing activities and the Code of Conduct and subsequently, CD Securities has resumed its securities margin lending business.

The Group will strengthen its internal control policy and take a prudent approach to develop the securities brokerage and margin financing business to reduce the credit risk from the margin clients.

SECURITIES INVESTMENT BUSINESS

The Group's diversified securities investment portfolios cover both listed and non-listed companies, in order to diversify its investment portfolios and increase returns to shareholders. The financial assets at fair value through profit or loss held by the Group were all shares of listed companies in Hong Kong.

During the Year, the Group recorded loss from the changes in fair value of financial assets through profit or loss of approximately HK$ 7,603,000 (31 December 2017: approximately HK$87,506,000).

The Directors consider that an investment in listed securities with a carrying value of 5% or more of the net asset value of the Group as at balance sheet date as significant investments ("**Significant Investments**"). As at 31 December 2017 and 31 December 2018, the Group did not hold any Significant Investments.

ALCOHOLIC BEVERAGE DISTRIBUTION BUSINESS

Aiming to diversify the business profile of the Group, Eternal Code Holdings Limited ("**Eternal Code**"), a wholly-owned subsidiary of the Group as the purchaser, Nice Fund Limited ("**Nice Fund**"), a company incorporated in Hong Kong as the seller, and the ultimate beneficial owners of Nice Fund and also the directors of Belicious (HK) Limited ("**Belicious**"), as the guarantors, entered into a memorandum of understanding on 9 February 2018, and further entered into the sale and purchase agreement (the "**Belicious SPA**") on 29 March 2018, in relation to the sale and purchase of (i) all the issued shares of Belicious (collectively, the "**Sale Shares**"); and (ii) the sale debts representing the entire shareholder's loan owing by Belicious to the seller at completion, at an aggregate cash consideration of HK$23 million. According to the terms of the Belicious SPA, Nice Fund and the guarantors guaranteed to Eternal Code that the average of the audited net profit after tax for each of the year ended 31 December 2018 and the years ending 31 December 2019 and 31 December 2020 shall not be less than HK$3,000,000 (the "**Guaranteed Average PAT**"). Following the signing of the supplemental agreement on 20 April 2018, completion of the acquisition took place and Belicious became a wholly-owned subsidiary of the Group, and its financial results was consolidated into the consolidated financial statements of the Group.

Belicious is principally engaged in distribution of imported craft beer in Hong Kong and the PRC. It has established a wholly-owned subsidiary in the PRC. It is expected to have a positive impact on the operations, financial results and profitability of the Group. During the Year, revenue from the distribution of alcoholic beverage business amounted to approximately HK$10,133,000 (31 December 2017: Nil).

During the Year, the actual profit after tax of Belicious and its subsidiaries was approximately HK$1,671,000 based on its management accounts. According to the Belicious SPA, in the event that the amount of the average audited net profit after tax attributable to the owners of Belicious for each of the year ended 31 December 2018 and the years ending 31 December 2019 and 31 December 2020 (the "**Actual Average PAT**") is less than the Guaranteed Average PAT, Nice Fund and the guarantors shall jointly pay, in cash or immediately available funds, to Eternal Code a sum (the "**Shortfall Compensation**") calculated according to the following formula:

$$A = (B - C) \times 8$$

Where:

A is the Shortfall Compensation provided that such amount shall be capped at HK$9,000,000;
B is the Guaranteed Average PAT; and
C is the Actual Average PAT.

As at the date hereof, the criteria for calculation of the Actual Average PAT had not been reached for assessment of the Shortfall Compensation, if any. The Group will monitor the performance of the Belicious and will fulfill the obligations of information disclosure based on the subsequent progress of the above matter.

FOOD AND BEVERAGE BUSINESS

During the Year, food and beverage business returned as one of the Group's principal business through operating of six restaurants serving Japanese cuisine and Hong Kong local food in Hong Kong and Singapore. During the Year, the revenue from food and beverage business amounted to approximately HK$12,494,000 (31 December 2017: from discontinued operations approximately HK$3,584,000). The Group is optimistic about the food and beverage market in particular the potential in Japanese style and Hong Kong style restaurants for development and hopes to generate higher returns for shareholders by mapping out a business strategy for expanding in a flexible and prudent approach.

PROVISION OF CHILDREN EDUCATION SERVICES

On 8 October 2018, the Group entered into the subscription agreement with Nobel Education Organisation Limited ("**Nobel**"), to subscribe for 51% of the enlarged issued share capital of Nobel at HK$3,000,000 in cash. The Directors are of the view that the education services market in particular in the kindergarten or pre-school education business will have good potential for growth in Hong Kong. The Directors believe the acquisition represented a good opportunity for the Group to enter the kindergarten and pre-school education-related service business. Through the acquisition, the Group would be able to acquire the requisite expertise, knowledge and connections without having to invest heavily or incur substantial costs in adapting to and exploration of the new market. During the Year, revenue from the provision of children education services amounted to approximately HK$1,182,000 (31 December 2017: Nil).

INVESTMENTS IN A JOINT VENTURE

The joint venture is currently engaged in investing in the business of operating restaurants, cafes and takeaway outlets in Singapore. During the Year, the Group recorded the share of loss of a joint venture of approximately HK$1,801,000 (31 December 2017: approximately HK$759,000). The increase in loss was mainly attributable to the rising costs of the food ingredients and beverages for operation and related staff costs. The Group will closely monitor the development of the joint venture and adjust its business strategy according to the market conditions to cater to market needs.

ISSUE OF SHARES UNDER THE GENERAL MANDATE

On 4 May 2018, the Company and Supreme China Securities Limited as placing agent entered into a placing agreement pursuant to which the placing agent agreed to place, on a best endeavor basis, in aggregate, up to 184,500,000 placing shares of the Company at the placing price of HK$0.1 per share to not less than six placees under general mandate (the "**Placing**"). The placing price represented (i) a discount of approximately 0.99% to the closing price of HK$0.101 per share of the Company as quoted on the Stock Exchange on 4 May 2018; and (ii) a discount of approximately 1.38% to the average closing price of approximately HK$0.1014 per share of the Company as quoted on the Stock Exchange for the five consecutive trading days immediately prior to 4 May 2018, being the date of the relevant placing agreement. The net price per placing share was approximately HK$0.095. As disclosed in the announcement of the Company dated 24 May 2018, the completion of the Placing took place on 24 May 2018 in accordance with the terms of the placing agreement. The Company received net proceeds of approximately HK$17.6 million, which was used in the investment of certain new projects including the alcoholic beverage distribution business and the food and beverage business.

PROSPECTS

Looking ahead, the Group will focus on expanding its food and beverage business during the year. The Group remains optimistic about food and beverage market, and will operate the food and beverage business with a flexible and prudent approach. The Group expects that the acquisition in relation to operation of two restaurants serving Japanese cuisine in Hong Kong in October 2018 will match the Group's current strategy for investing in the catering industry. In addition, it is expected that the loan business will have a steady and positive development this year based on the current market environment and sentiment. The Group remains optimistic about the development potential of Hong Kong's money lending market and take measures accordingly to improve our overall operational efficiency and strengthen our revenue base.

The Group will review the markets for its respective businesses with a forward looking perspective, committing more resources to the business with sustainability potential. Meanwhile, the Group will continue to seek business and investment opportunities with a view to providing growth potential of the Group and bringing higher returns to the shareholders of the Company.

MATERIAL ACQUISITION AND DISPOSAL

On 31 January 2018, Rich Sheen International Limited ("**Rich Sheen**"), an indirect wholly-owned subsidiary of the Company, and Mr. Li Ho Kwong ("**Mr. Li**"), a 30% shareholder and a director of Treasure Easy Limited ("**Treasure Easy**"), entered into the sale and purchase agreement, pursuant to which Rich Sheen agreed to sell, and Mr. Li agreed to acquire, (i) the sale shares, representing 51% of the issued share capital of Treasure Easy, a company incorporated in Hong Kong with limited liability, and (ii) the sale loan of HK$12,750,000, representing the entire shareholder's loan owing by Treasure Easy to Rich Sheen at completion date, at an aggregate cash consideration of HK$20,000. Treasure Easy is principally engaged in the provision of the food and beverage service in Hong Kong. The disposal constituted a discloseable and connected transaction of the Company under the GEM Listing Rules. The disposal was completed on 31 January 2018. For details, please refer to the announcement of the Company dated 31 January 2018.

On 29 March 2018, Eternal Code, an indirect wholly-owned subsidiary of the Company and Nice Fund, entered into the Belicious SPA, pursuant to which, Eternal Code conditionally agreed to acquire (i) the entire issued shares of Belicious and (ii) the sale debts HK$1,519,000, representing the entire shareholder's loan owing by Belicious to Nice Fund at completion date, at a HK$23,000,000. Belicious and its subsidiaries are mainly engaged in distribution of imported craft beer in Hong Kong and the PRC. For details, please refer to the announcements of the Company dated 9 February 2018, 29 March 2018 and 20 April 2018.

On 28 September 2018, the Company acquired a further 39% of the issued shares of Tony China Limited ("**Tony China**"), the subsidiaries of which are principally engaged in the manufacturing and distribution of feedstock products and related activities, at a consideration of HK$10,000,000. Tony China was a non-wholly owned subsidiary of the Company and owned as to 51% by the Company before the further acquisition. Upon completion, the Company now holds 90% of the issued shares of Tony China and each of the members of the Tony China group will remain to be a non-wholly owned subsidiary of the Company. For details, please refer to the announcement of the Company dated 21 September 2018.

On 8 October 2018, the Group entered into the subscription agreement with Nobel to subscribe for 51% of the enlarged issued share capital of Nobel at HK$3,000,000 in cash. Nobel is mainly engaged in the provision of children education services in Hong Kong. For details, please refer to the announcement of the Company dated 8 October 2018. Upon completion, Nobel becomes a non-wholly owned subsidiary of the Company.

On 12 October 2018, (1) Optimum Profit International Limited ("**Optimum Profit**"), an indirect wholly-owned subsidiary of the Company, and Global Food Culture Group Limited ("**GFC**") entered into a transfer of business agreement in relation to the acquisition of the business of two restaurants serving Japanese cuisine in Hong Kong operated by GFC at a cash consideration of HK$1,986,800; and (2) Optimum Profit and AUR Cayman Limited ("**AUR**"), the immediate holding company of GFC, entered into the sale and purchase agreement pursuant to which Optimum Profit agreed to acquire and AUR agreed to sell (i) the sale shares, representing the entire issued share capital of the Hamayaki (HK) Limited ("**Hamayaki**"); and (ii) the sale debts, representing the entire shareholder's loan owing by the Hamayaki to AUR, at an aggregate cash consideration of HK$813,200. This transaction was completed on 16 October 2018. For details, please refer to the announcement of the Company dated 12 October 2018.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2018, the Group had cash and cash equivalents of approximately HK$68,576,000 (2017: approximately HK$94,293,000) and net current assets of approximately HK$191,074,000 (2017: approximately HK$225,898,000). Current ratio (defined as total current assets divided by total current liabilities) was 6.02 times (2017: 6.95 times).

The Group did not have any borrowings as at 31 December 2017 and 2018.

We fund our operations principally from cash generated from our operations, other debt instruments and equity financing from investors. Our cash requirements relate primarily to production and operating activities, business and asset acquisitions, repayment of liabilities as they become due, capital expenditures and any unexpected cash requirements. During the Year, our loss before interest, taxes, depreciation and amortisation amounted to approximately HK$36,983,000.

The Group's gearing ratio, which is calculated on the basis of the Group's total liabilities to the total assets, as at 31 December 2018 was 13% (2017: 12%).

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

As at 31 December 2018, the Group had equity attributable to owners of the Company of approximately HK$243,416,000 (2017: approximately HK$277,735,000).

On 4 May 2018, the Company and Supreme China Securities Limited as the placing agent entered into a placing agreement pursuant to which the placing agent has agreed to place, on a best endeavour basis, up to 184,500,000 placing shares, to not less than six placees who and whose ultimate beneficial owners are independent third parties at a placing price of HK$0.10 per placing share (which represented a discount of approximately 0.99% to the closing price of HK0.101 per share as quoted on the Stock Exchange on 4 May 2018). The net price per placing share was approximately HK$0.095. As disclosed in the announcement of the Company dated 24 May 2018, completion of the placing took place on 24 May 2018 in accordance with the terms of the placing agreement. The Company received net proceeds of approximately HK$17,600,000, which was used as to develop the alcoholic beverage distribution and the food and beverage business of the Group.

Date of announcement/ prospectus	Fund raising activity	Net proceeds raised (approximately)	Intended use of the net proceeds	Actual use of the net proceeds as at 31 December 2018
4 May 2018, and 24 May 2018	Placing of 184,500,000 new shares at the placing price of HK$0.10 per Share under general mandate.	HK$17.6 million	As to approximately HK$17.6 million for investment of certain new business projects including alcoholic beverage distribution and/or food and beverage business.	Used as intended.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

For the year ended 31 December 2018, most of the Group's business transactions, assets and liabilities were principally denominated in Hong Kong dollars ("**HK$**"), Renminbi ("**RMB**"), Singapore dollars ("**S$**"), United States dollars ("**US$**") and HK$ is the Group's presentation currency. The Group is exposed to potential foreign exchange risk as a result of fluctuation of RMB, S$ and US$ against HK$. The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure should the need arise.

When appropriate and at times of interest rate or exchange rate uncertainties or volatility, hedging instruments including swaps and forwards will be used by the Group in the management of exposure affecting interest rates and foreign exchange rate fluctuations.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any contingent liabilities (2017: Nil).

CHARGES OF GROUP ASSETS

As at 31 December 2018, the Group did not have any charges of group assets.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2018, the Group had approximately 77 employees in Hong Kong and the PRC (excluding directors of the Company) (2017: 55). The Group's remuneration policy is to provide competitive level of remuneration to employees and directors based on their performance, qualification, experience and the prevailing industry practice.

Apart from regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

We aim to provide employees with resources and an environment that encourages them to develop careers with us. We provide management personnel and employees with on-the-job education, training and other opportunities to improve their skills and knowledge.

Pursuant to the share option scheme adopted by the Company on 30 September 2013, the Board may grant options to eligible persons, including employees and directors, to subscribe for shares of the Company. During the Year, the Company did not grant any option.

ENVIRONMENT

The Group is subject to laws and regulations in Hong Kong, the PRC and Singapore. The Group has established environment policies and procedures aimed at compliance with local environmental and other laws. For the feedstock production, we have complied with the "Regulations on Administration of Feed and Feed Additives", and the "Measures for the Management of Production Licenses for Feeds and Feed Additives". For the food and beverage production process, part of the food waste and all of the waste oil were recycled and collected by the environmental parties. During the year, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to air and Greenhouse Gas emissions, discharges into water and land, or generation of hazardous and non-hazardous waste. The management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage these risks.

EVENT AFTER THE REPORTING PERIOD

On 4 January 2019, Amber Talent International Limited ("**Amber Talent**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an individual (the "**Vendor**"), an independent third party, pursuant to which Amber Talent has conditionally agreed to acquire from the Vendor the entire issued share capital of Champ Express Holdings Limited ("**Champ Express**"), a company incorporated in the British Virgin Islands with limited liability, at the consideration of HK$6,800,000. Champ Express and its subsidiaries ("**Champ Express Group**") are principally engaged in the research and development of Chinese patented medicine products. After taking into account of commercial considerations, in particular, that sufficient documents and/or information have not been provided to the Group to carry out and complete the due diligence of the Champ Express Group to its satisfaction, on 7 March 2019, the Vendor and Amber Talent entered into a termination agreement whereby the parties have mutually agreed to terminate the sale and purchase agreement with effect from the date of such termination agreement and upon termination, no party to the sale and purchase agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the sale and purchase agreement save for any antecedent breaches and accrued benefits.

INVESTMENTS IN AN UNLISTED INVESTMENT FUND

East Gain Enterprise Limited ("**East Gain**"), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, invested in certain non-voting participating redeemable shares (the "**Fund Shares**") of an unlisted investment fund (the "**Fund**") in 2015. A qualified opinion was issued by the auditors of the Company to the consolidated financial statements for the year ended 31 December 2017 as the Company was unable to obtain sufficient audit evidence about the carrying amount of the Fund as at 31 December 2017 and the auditors hence were unable to obtain sufficient reliable audit evidence in order to satisfy themselves as to whether the carrying amount of the Fund as at 31 December 2017 was fairly stated, and as to whether any fair value changes should be reflected in other comprehensive income or any impairment loss should be charged to profit or loss for the year ended 31 December 2017 in respect of the Group's holdings in the Fund.

Subsequent to the publication of the announcements dated 11 May 2018, 13 August 2018, 13 November 2018, the management of the Group has continued to follow up with the management of the Fund and the fund administrator on the progress of the audit of the Fund and in particular, the Group has instructed its legal adviser to follow up the matter with the management of the Fund. By a letter dated 31 January 2019 issued by the manager of the Fund, the Group was provided with a copy of the audited financial statements of the Fund for the year ended 31 December 2017, and the carrying amount of the Fund as at 31 December 2017 was approximately HK$6.6 million. For details, please refer to the announcement of the Company dated 11 February 2019.

On 15 March 2019, East Gain accepted the offer from Convoy Collateral Limited ("**CCL**"), a company incorporated in Hong Kong with limited liability, an independent third party, to purchase 736.217 fund shares held by East Gain at the disposal price of approximately HK$6.6 million ("**Disposal Price**"), representing the net asset value attributable to the Fund Shares held by East Gain as at 31 December 2017. The Disposal Price is to be settled in cash by 34 monthly instalments from March 2019 to December 2021.

Taking into account (i) the fact that the investment in the Fund has not generated any dividend income for the Group; (ii) the redemption and transfer restrictions; (iii) the constant cash inflow that will be brought by the disposal; and (iv) the declining performance of the Fund, the Group considers that the disposal of the Fund represents a good opportunity for the Group to cash in the uncertainties. For details, please refer to the announcement of the Company dated 15 March 2019.

Completion of the disposal of the Fund is conditional upon the other shareholders of the Fund accepting CCL's offer and East Gain receiving the Disposal Price in full from CCL. As at the date of this announcement, East Gain has been informed by CCL that all shareholders of the Fund had accepted its offer to purchase.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2018 (2017: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the best interest of the Company and its shareholders.

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices set out in the Corporate Governance Code ("**CG Code**") as set out in Appendix 15 to the GEM Listing Rules.

The Company has complied with all the code provisions of the CG Code during the year ended 31 December 2018.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

Mr. Hung Kenneth, an independent non-executive Director, was an executive director of Hang Tai Yue Group Holdings Limited (formerly known as Interactive Entertainment China Cultural Technology Investments Limited) (Stock Code: 8081) from February 2014 to August 2018,which is a company listed on GEM whose principal businesses include money lending business in Hong Kong, which may compete with the Group's money lending business.

Save as disclosed above, none of the Directors nor their respective associates had any business which competes or may compete with the business of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MANAGEMENT CONTRACT

During the year ended 31 December 2018, the Group entered into three management agreements with GFC, an independent third party, dated 16 July 2018, 9 September 2018 and 16 October 2018 respectively in relation to the provision of day-to-day operation, direction, management and supervision services by GFC to certain restaurants of the food and beverage business of the Group, for an initial term from 4 months to 3 years respectively, subject to compliance with the relevant requirement under the GEM Listing Rules and termination at any time with 90 days prior notice.

Save as disclosed above, there are no contracts concerning the management and administration of the whole or any substantial part of the business of the group were entered into or existed during the year.

AUDIT COMMITTEE

The Audit Committee of the Company consists of three independent non-executive Directors, namely, Mr. Chan Hin Hang (chairman of the Committee), Mr. Yum Edward Liang Hsien and Mr. Hung Kenneth with written terms of reference in compliance with the Rule 5.28 to 5.33 to the GEM Listing Rules.

The Group's audited consolidated results for the year ended 31 December 2018 have been reviewed by the Audit Committee.

On behalf of the Board
China Demeter Financial Investments Limited
Zhou Jing
Chairman

Hong Kong, 22 March 2019

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Ng Man Chun Paul, Mr. Lam Chun Kei and Mr. Ng Ting Ho; one non-executive Director, namely, Mr. Zhou Jing; and three independent non-executive Directors, namely Mr. Chan Hin Hang, Mr. Yum Edward Liang Hsien and Mr. Hung Kenneth.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company's website at www.chinademeter.com.