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 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of China Demeter Financial Investments Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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.*

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 2019 together with the comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*		
Sales of feedstock products		**15,232**	36,473
Alcoholic beverage distribution business		**12,314**	10,133
Food and beverage business		**68,793**	12,494
Dividend income from listed equity instruments		**86**	113
Loan interest income		**8,476**	10,662
Provision of children education services		**5,427**	1,182
Provision of financial services		**1,816**	2,366
Total revenue		**112,144**	73,423
Cost of sales and services		**(50,013)**	(47,526)
Gross profit		**62,131**	25,897
Other income, other gains and losses	*4*	**(53,293)**	(7,238)
Selling and distribution costs		**(175)**	(326)
General and administrative expenses		**(101,685)**	(49,865)
Fair value loss on financial assets through profit or loss		**(5,634)**	(7,603)
Impairment loss of goodwill		**(2,967)**	–
Share of loss of a joint venture		**(1,732)**	(1,801)
Finance costs	*5*	**(2,026)**	(38)
Loss before tax		**(105,381)**	(40,974)
Income tax expense	*6*	**(132)**	(320)
Loss for the year	*7*	**(105,513)**	(41,294)

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

For the year ended 31 December 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(164)**	(1,474)
Change in fair value of debts instruments at fair value through other comprehensive income		**(209)**	–
Share of other comprehensive expense of a joint venture		**–**	(41)
		(373)	(1,515)
Item that will not be reclassified to profit or loss:			
Change in fair value of equity instruments at fair value through other comprehensive income		**(2,072)**	(14,416)
Other comprehensive expense for the year		**(2,445)**	(15,931)
Total comprehensive expense for the year		**(107,958)**	(57,225)
Loss for the year attributable to:			
– Owners of the Company		**(104,211)**	(40,542)
– Non-controlling interests		**(1,302)**	(752)
		(105,513)	(41,294)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(106,690)**	(55,819)
– Non-controlling interests		**(1,268)**	(1,406)
		(107,958)	(57,225)
		HK cents	*HK cents* (Restated)
Loss per share	*8*		
Basic		**(68.10)**	(28.46)
Diluted		**(68.10)**	(28.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**13,340**	13,827
Prepaid lease payments		**–**	842
Goodwill		**17,233**	20,200
Intangible asset		**500**	500
Investment in a joint venture		**–**	1,732
Loans and interest receivables	*11*	**10,056**	8,030
Financial assets at fair value through other comprehensive income	*13*	**9,587**	7,125
Other assets		**230**	3,167
Deposits and other receivables	*10*	**8,383**	–
		59,329	55,423
Current assets			
Inventories		**1,036**	4,297
Trade receivables	*9*	**12,572**	17,516
Loans and interest receivables	*11*	**56,749**	79,391
Deposits, prepayments and other receivables	*10*	**15,915**	11,526
Financial assets at fair value through profit or loss	*12*	**21,247**	24,831
Trust bank accounts		**10,689**	22,996
Cash and cash equivalents		**29,689**	68,576
		147,897	229,133
Current liabilities			
Trade and other payables	*14*	**31,716**	37,832
Amount due to a joint venture		**–**	56
Current tax liabilities		**87**	171
Lease liabilities	*15*	**19,416**	–
		51,219	38,059
Net current assets		**96,678**	191,074
Total assets less current liabilities		**156,007**	246,497

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Lease liabilities	*15*	**17,468**	–
Net assets		**138,539**	246,497
Capital and reserves			
Share capital		**1,530**	12,242
Reserves		**135,196**	231,174
Equity attributable to owners of the Company		**136,726**	243,416
Non-controlling interests		**1,813**	3,081
Total equity		**138,539**	246,497

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	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$'000*	Fair value through other comprehensive income reserve *HK$'000*	Accumulated losses *HK$'000*	Sub-total *HK$'000*	Attributable to non-controlling interests *HK$'000*	Total *HK$'000*
Balance at 1 January 2018	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 a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	–	1,428	1,428
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	1,160	1,160
	2,306	21,235	–	–	–	(1,507)	–	–	(534)	21,500	(6,381)	15,119
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
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(104,211)**	**(104,211)**	**(1,302)**	**(105,513)**
Other comprehensive (expense)/income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(198)**	**(2,281)**	**–**	**(2,479)**	**34**	**(2,445)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(198)**	**(2,281)**	**(104,211)**	**(106,690)**	**(1,268)**	**(107,958)**
Reclassification adjustment upon disposal of equity instruments at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**26,974**	**(26,974)**	**–**	**–**	**–**
Share consolidation	**(10,712)**	**–**	**10,712**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2019	**1,530**	**160,109**	**164,263**	**61,545**	**873**	**–**	**699**	**(3,769)**	**(248,524)**	**136,726**	**1,813**	**138,539**

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 address of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, 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")

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

Except as described below, the application of the new and amendments to HKFRSs 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 16 Leases

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

Definition of a lease

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

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

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

Applies HKFRS 16.C8(b)(ii) transition (lease-by-lease basis)

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

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

HKFRS 16 Leases (Continued)

As a lessee (Continued)

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

(i) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

(ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease ends within 12 months of the date of initial application;

(iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iv) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of in the PRC and in Hong Kong were determined on a portfolio basis respectively; and

(v) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities from 2.75% to 8.18%.

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

HKFRS 16 Leases (Continued)

As a lessee (Continued)

		At 1 January 2019
	HK$'000	*HK$'000*
Operating lease commitments disclosed as at 31 December 2018		23,161
Lease liabilities discounted at relevant incremental borrowing rates		21,746
Less: Termination options reasonably certain to be exercised	(974)	
Recognition exemption – short–term leases	(874)	
Practical expedient – leases with lease term ending within 12 months from the date of initial application	(1,373)	
Decrease in lease liabilities resulting from lease modifications of existing lease#	(275)	
Other adjustments	(419)	(3,915)
Lease liabilities relating to operating leases recognised upon application of HKFRS16 as at 1 January 2019		17,831
Analysed as:		
Current		9,190
Non-current		8,641
		17,831

The Group renewed the lease of an office by entering into new lease contract which commence after date of initial application. This new contract is accounted as lease modification of the existing contract upon application of HKFRS 16.

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

HKFRS 16 Leases (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Notes	**Right-of-use assets** *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		17,831
Reclassified from prepaid lease payments	*(a)*	863
Amounts included in property, plant and equipment under HKAS 17		
– Restoration and reinstatement costs	*(b)*	3,456
		22,150

(a) Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately HK$21,000 and approximately HK$842,000 respectively were reclassified to right-of-use assets.

(b) In relation to the leases of restaurant premises that the Group acts as lessee, the carrying amount of the estimated costs of reinstating the rented premises previously included in property, plant and equipment amounting to approximately HK$3,456,000 as at 1 January 2019 were included as right-of-use assets.

Effective from 1 January 2019, leasehold lands which were classified as properties are measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses.

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

HKFRS 16 Leases (Continued)

As a lessee (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts Under HKFRS 16 at 1 January 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	13,827	18,694	32,521
Prepaid lease payments	842	(842)	–
Other receivables			
– Rental deposits	–	3,693	3,693
Current assets			
Deposits, prepayments and other receivables	11,526	(3,714)	7,812
Current liabilities			
Lease liabilities	–	9,190	9,190
Non-current liabilities			
Lease liabilities	–	8,641	8,641

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

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

Impacts and changes in accounting policies of application of other new and amendments to HKFRSs

HK(IFRIC) –Int 23 Uncertainty over Income Tax Treatments

HK(IFRIC)-Int 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires the Group to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by individual group entities in their respective income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Amendments to HKFRSs Annual Improvements to HKFRSs 2015-2017 Cycle

The annual improvement packages amended the following four standards.

HKAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

HKAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

HKFRS 3 Business Combinations

The amendments clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

HKFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its previously held interest in the joint operation.

The directors do not anticipate that the application of Amendments to HKFRSs Annual Improvements to HKFRSs 2015-2017 Cycle will have no immaterial impact on the Group's consolidated financial statements in future.

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.

Segment revenue and results

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

	Agricultural		Money lending		Financial services		Securities investment		Food and beverage		Alcoholic beverage distribution		Children education services		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Disaggregated by timing of revenue recognition																
A point in time	**15,232**	36,473	**–**	–	**1,816**	2,366	**86**	113	**68,793**	12,494	**12,314**	10,133	**50**	66	**98,291**	61,645
Over time	**–**	–	**8,476**	10,662	**–**	–	**–**	–	**–**	–	**–**	–	**5,377**	1,116	**13,853**	11,778
Revenue from external customers	**15,232**	36,473	**8,476**	10,662	**1,816**	2,366	**86**	113	**68,793**	12,494	**12,314**	10,133	**5,427**	1,182	**112,144**	73,423
Inter-segment revenue	**–**	–	**–**	–	**53**	93	**–**	–	**–**	–	**–**	–	**–**	–	**53**	93
Segment revenue	**15,232**	36,473	**8,476**	10,662	**1,869**	2,459	**86**	113	**68,793**	12,494	**12,314**	10,133	**5,427**	1,182	**112,197**	73,516
Elimination															**(53)**	(93)
Group revenue															**112,144**	73,423
Segment (loss)/profit	**(12,787)**	(4,720)	**(2,377)**	2,776	**(5,712)**	(8,178)	**(6,038)**	(7,754)	**(55,788)**	(3,362)	**(2,344)**	1,961	**(61)**	1,895	**(85,107)**	(17,382)
Other income, other gains and losses															**2,881**	2,437
Share of loss of a joint venture															**(1,732)**	(1,801)
Finance costs															**(2,026)**	(38)
Central administration costs															**(19,397)**	(24,190)
Loss before tax															**(105,381)**	(40,974)

3. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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, 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.

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	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**6,650**	21,033	**68,974**	91,614	**30,747**	50,140	**14,460**	19,256	**19,227**	11,724	**26,778**	26,924	**6,897**	5,042	**173,733**	225,733
Investment in a joint venture															**–**	1,732
Financial assets at fair value through other comprehensive income															**9,587**	7,125
Corporate and unallocated assets															**23,906**	49,966
Consolidated assets															**207,226**	284,556
Segment liabilities	**1,765**	3,225	**1,524**	82	**10,388**	24,440	**–**	–	**47,358**	5,475	**4,007**	1,814	**2,233**	337	**67,275**	35,373
Corporate and unallocated liabilities															**1,412**	2,686
Consolidated liabilities															**68,687**	38,059

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.

3. SEGMENT INFORMATION (Continued)

Other segment information

	Agricultural		Money lending		Financial services		Securities investment		Food and beverage		Alcoholic beverage distribution		Children education services		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets																
Depreciation and amortisation	**1,019**	1,576	**1,735**	126	**98**	336	**10**	–	**16,750**	951	**529**	80	**2,798**	159	**22,939**	3,228
Unallocated depreciation															**718**	704
															23,657	3,932
Loss/(gain) on disposal of property, plant and equipment	**19**	(29)	**109**	10	**–**	–	**–**	–	**399**	–	**–**	–	**–**	–	**527**	(19)
Write-down of inventories	**902**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**902**	–
Gain on bargain purchase on acquisition of a subsidiary	**–**	–	**–**	–	**–**	–	**–**	–	**(1,903)**	–	**–**	–	**–**	–	**(1,903)**	–
Impairment loss of goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,967**	–	**–**	–	**2,967**	–
Impairment loss of loans and interest receivables	**–**	–	**6,201**	6,804	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**6,201**	6,804
Impairment loss of trade receivables	**7,827**	2,928	**–**	–	**–**	–	**–**	–	**–**	–	**970**	–	**–**	–	**8,797**	2,928
Impairment loss of property, plant and equipment	**1,706**	–	**–**	–	**–**	–	**–**	–	**42,930**	–	**–**	–	**–**	–	**44,636**	–
Reversal of impairment loss of trade receivables	**–**	–	**–**	–	**(12)**	(57)	**–**	–	**–**	–	**–**	–	**–**	–	**(12)**	(57)
Addition to non-current assets *(Note)*	**–**	16	**598**	171	**–**	1	**–**	–	**38,649**	7,245	**–**	6	**–**	–	**39,247**	7,439
Unallocated addition to non-current assets *(Note)*															**–**	793
															39,247	8,232

Note: Non-current assets include property, plant and equipment.

Geographical information

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

Information about the Group's revenue 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)*	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**15,232**	36,473	**1,526**	4,249
Hong Kong	**94,597**	36,455	**37,473**	30,232
Singapore	**2,315**	495	**457**	2,620
	112,144	73,423	**39,456**	37,101

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

Information about major customers

During the years ended 31 December 2019 and 2018, no customers 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 for the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Sales of feedstock products	**15,232**	36,473
Alcoholic beverage distribution business	**12,314**	10,133
Food and beverage business	**68,793**	12,494
Dividend income from listed equity investments	**86**	113
Loan interest income	**8,476**	10,662
Provision of children education services	**5,427**	1,182
Provision of financial services		
– Commission from securities dealing	**1,165**	1,694
– Placing and underwriting commission	**33**	255
– Bonds commission	**34**	–
– Interest income from securities clients	**339**	72
– Clearing and handling fee income	**231**	336
– Asset management commission	**14**	9
	112,144	73,423

	2019	2018
	HK$'000	*HK$'000*
Other income, other gains and losses		
Bank interest income	**108**	76
Interest income from joint venture	**249**	341
Dividend income from fund investments	**11**	118
(Loss)/gain on disposal of property, plant and equipment	**(527)**	19
Impairment loss of loans and interest receivables	**(6,201)**	(6,804)
Impairment loss of trade receivables	**(8,797)**	(2,928)
Gain/(loss) on disposal of subsidiaries	**1**	(308)
Bonds interest income	**329**	–
Interest income from other receivables	**168**	–
Impairment loss of amount due from a joint venture	**(172)**	–
Write-down of inventories	**(902)**	–
Impairment loss of property, plant and equipment	**(44,344)**	–
Gain on bargain purchase from acquisition of a subsidiary	**1,903**	–
Reversal of impairment loss of trade receivables	**12**	57
Sundry income	**2,231**	829
Consultancy and referral fee income	**2,933**	1,338
Net foreign exchange (loss)/gain	**(295)**	24
	(53,293)	(7,238)

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on lease liabilities	**2,019**	–
Finance charge	**7**	38
	2,026	38

6. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**–**	–
Hong Kong Profits Tax	**231**	232
	231	232
Over-provision in prior years:		
Hong Kong Profits Tax	**(99)**	–
Deferred tax charge	**–**	88
Total income tax expense recognised in profit or loss	**132**	320

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$2 million.

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. LOSS FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Employee benefits expense (excluding directors' emoluments)		
– Salaries and other benefits	**39,886**	18,302
– Contributions to retirement benefits schemes	**1,750**	762
Directors' emoluments	**4,549**	4,545
Total staff costs	**46,185**	23,609
Cost of inventories recognised as an expense (included in cost of sales and services) (Note a)	**45,315**	43,754
Auditors' remuneration	**1,020**	987
Amortisation of prepaid lease payments	**–**	21
Depreciation of property, plant and equipment	**23,657**	3,932
Net foreign exchange loss/(gain)	**295**	(24)
Minimum lease payments paid under operating leases in respect of land and buildings	**–**	6,880

Note:

a Cost of inventories includes HK$1,604,000 (2018: HK$1,699,000) relating to staff costs, depreciation, write-down of inventories and impairment loss of property, plant and equipment, which amounts are also included in the respective total amounts disclosed separately above for each of these types of expenses.

8. LOSS PER SHARE

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

Loss

	2019	2018
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(104,211)**	(40,542)

8. LOSS PER SHARE (Continued)

Number of shares

	2019	2018
	'000	*'000*
		(Restated)
Issued ordinary shares at beginning of the year	**1,224,236**	993,596
Effect of share placing on 9 April 2018	**–**	33,752
Effect of share placing on 24 May 2018	**–**	112,217
Effect of share consolidation on 28 May 2019	**(1,071,207)**	(997,119)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**153,029**	142,446

The weighted average number of ordinary shares for 2018 has been adjusted retrospectively for the share consolidation which became effective on 28 May 2019.

The computation of diluted loss per share for the year ended 31 December 2019 and 2018 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.

9. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables		
– Non-financial services business	**24,148**	19,568
Less: Allowance for credit losses	**(12,641)**	(4,036)
	11,507	15,532
– Financial services business		
– Dealing in securities		
– Cash clients	**127**	35
– Margin clients	**943**	1,966
– Clearing house	**–**	–
	1,070	2,001
Less: Allowance for credit losses	**(5)**	(17)
	1,065	1,984
	12,572	17,516

As at 31 December 2019 and 2018, trade receivables from contracts with customers amounted to approximately HK$12,572,000 and approximately HK$17,516,000 respectively.

9. TRADE RECEIVABLES (Continued)

(a) Non-financial services business

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

	2019	2018
	HK$'000	*HK$'000*
0 – 90 days	**9,503**	8,776
91 – 180 days	**2,004**	6,048
181 – 365 days	**–**	708
	11,507	15,532

The Group's trading terms with its customers from the non-financial services business are mainly on credit. The Group generally allows a credit period of 30 to 60 days (2018: 30 to 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 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$10,693,000 (2018: HK$9,251,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$2,004,000 (2018: HK$2,166,000) 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:

	2019	2018
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	–
Past due but not impaired:		
Over 3 months	**5**	17
	5	17

10. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Prepayments	**1,180**	1,916
Deposits and other receivables	**23,118**	9,610
	24,298	11,526
Deposits and other receivables included under non-current assets	**(8,383)**	–
Current portion included under current assets	**15,915**	11,526

11. LOANS AND INTEREST RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Loans and interest receivables	**71,019**	91,487
Loans and interest receivables from a joint venture	**2,090**	2,841
Less: Allowance for credit losses	**(6,304)**	(6,907)
	66,805	87,421
Analysed as:		
Current	**56,749**	79,391
Non-current	**10,056**	8,030
	66,805	87,421

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:

	2019	2018
	HK$'000	*HK$'000*
0-90 days	**25,425**	39,448
91-180 days	**18,953**	17,681
Over 180 days	**22,427**	30,292
	66,805	87,421

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at financial assets at fair value through profit or loss:

	2019	2018
	HK$'000	*HK$'000*
Listed investments held for trading:		
– Equity securities listed in Hong Kong	**21,247**	24,831

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	HK$'000	*HK$'000*
Unlisted investments:		
– Equity investments	**–**	–
– Fund investments	**20**	7,125
	20	7,125
Debts instruments		
– Bonds listed in Hong Kong	**9,567**	–
	9,587	7,125

14. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables		
– Non-financial services business *(Note (i))*	**8,369**	5,058
– Financial services business *(Note (ii))*		
Dealing in securities		
– Cash clients	**7,690**	16,201
– Margin clients	**1,887**	5,917
– Clearing house	**156**	938
– Asset management	**574**	923
Other payables and accruals	**12,294**	8,490
Contract liabilities	**746**	305
	31,716	37,832

14. TRADE AND OTHER PAYABLES (Continued)

Notes:

(i) The following is an aged analysis of trade payables from non-financial services business, presented based on invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
0 – 90 days	**6,766**	1,211
91 – 180 days	**79**	933
Over 180 days	**1,524**	2,914
	8,369	5,058

(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 2019, the trade payables amounting to approximately HK$10,689,000 (2018: HK$22,996,000) 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.

15. LEASE LIABILITIES

	2019
	HK$'000
Lease liabilities payable:	
Within one year	**19,416**
Within a period of more than one year but not more than two years	**10,661**
Within a period of more than two years but not more than five years	**6,807**
	36,884
Less: Amount due for settlement with 12 months shown under current liabilities	**(19,416)**
Amount due for settlement after 12 months shown under non-current liabilities	**17,468**

16. 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:

	2019	2018
	HK$'000	*HK$'000*
Authorised and contracted for:		
Capital contribution to investments	**–**	966

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

China Demeter Financial Investments Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") recorded a net loss attributable to owners of the Company of approximately HK$104,211,000 for the year ended 31 December 2019 (the "**Year**") (31 December 2018: approximately HK$40,542,000). This was mainly attributable to the fair value loss on financial assets through profit or loss of approximately HK$5,634,000, the impairment loss of loans and interest receivables of approximately HK$6,201,000, the impairment loss of trade receivables of approximately HK$8,797,000, the impairment loss of property, plant and equipment of approximately HK$44,636,000, the impairment loss of goodwill of approximately HK$2,967,000 and the general and administrative expenses of approximately HK$101,685,000, which were offset by loan interest income of approximately HK$8,476,000, income from food and beverage business of approximately HK$68,793,000 and income from alcoholic beverage distribution business of approximately HK$12,314,000.

Revenue for the Year increased by approximately 52.7% to approximately HK$112,144,000 (31 December 2018: approximately HK$73,423,000), while gross profit for the Year was approximately HK$62,131,000 (31 December 2018: approximately HK$25,897,000). Revenue for the Year comprised the sales of feedstock products amounting to approximately HK$15,232,000 (31 December 2018: approximately HK$36,473,000), dividend income from listed equity investments amounting to approximately HK$86,000 (31 December 2018: approximately HK$113,000), loan interest income amounting to approximately HK$8,476,000 (31 December 2018: approximately HK$10,662,000), provision of financial services amounting to approximately HK$1,816,000 (31 December 2018: approximately HK$2,366,000), alcoholic beverage distribution business amounting to approximately HK$12,314,000 (31 December 2018: approximately HK$10,133,000), food and beverage business amounting to approximately HK$68,793,000 (31 December 2018: approximately HK$12,494,000), and provision of children education services amounting to approximately HK$5,427,000 (31 December 2018: HK$1,182,000).

General and administrative expenses for the Year increased to approximately HK$101,685,000 (31 December 2018: approximately HK$49,865,000). Such increase was mainly due to inclusion of the operating expenses of the newly acquired businesses including food and beverage business and provision of children education services to the administrative expenses of the Group after the completion of their respective acquisition since late 2018.

AGRICULTURAL BUSINESS

Revenue of the feedstock product business for the Year amounted to approximately HK$15,232,000 (31 December 2018: approximately HK$36,473,000), representing a decrease of approximately HK$21,241,000 as compared to the same period last year, which was mainly attributable to the swine fever occurred in late 2018 in the People's Republic of China ("**PRC**") which led to a decrease in the sales of feedstock product accordingly. The continuous outbreak of the swine fever in various provinces and regions in the PRC has contributed to a disruption of the upstream side and downstream side of the PRC pork supply chain and the swine market, and has resulted in a significant decrease in demand for the Group's feedstock products. As at 31 December 2019, trade receivables in relation to agricultural business with carrying amount of HK$7,827,000 was considered uncollectible and an impairment in respect or such trade receivables was made based on historical credit loss experience. As such, the loss recorded from agricultural business has 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 2,300 licensed money lenders (including applications for renewal in progress) in Hong Kong as at 31 December 2019.

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 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 2019, 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 2019, Group has not granted any loan to the connected persons of the Company.

As at 31 December 2019, personal loans represented approximately 90% and business loans represented approximately 10% 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 either Hong Kong or PRC residents or companies with business operations 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 2019, 85% of outstanding loan balances were short-term loans repayable within one year and 15% of outstanding loan balances were long-term loans repayable beyond one year.

As at 31 December 2019, 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 84% of the Group's total active and outstanding loan portfolio as at 31 December 2019. 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 of 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 2019, loans which are backed by personal/corporate guarantees/mortgages in respect of a property represented approximately 14% in total number of loans, and approximately 16% 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$8,476,000 during the Year (31 December 2018: approximately HK$10,662,000).

Impairment loss of loan and interest receivables of approximately HK$6,201,000 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 ("**Board**") of directors ("**Directors**") of the Company 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$1,816,000 (31 December 2018: approximately HK$2,366,000). CD Securities is a wholly-owned subsidiary of the Group, principally engaged in advising on securities, dealing in securities and asset management 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) (the "**SFO**").

SECURITIES INVESTMENT BUSINESS

The Group's diversified securities investment portfolios cover both listed and non-listed companies and debt securities, 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. The fair value change of the debt securities were recognised in financial asset at fair value through other comprehensive income.

During the Year, the Group recorded loss from the changes in fair value of financial assets through profit or loss of approximately HK$5,634,000 (31 December 2018: approximately HK$7,603,000) and loss from the changes in fair value of financial assets through other comprehensive income of approximately HK$2,281,000 (31 December 2018: HK$14,416,000).

The Directors consider that an investment in the equity securities and the debt 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 (the "**Significant Investments**"). As at 31 December 2018 and 31 December 2019, 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 alcoholic beverage in Hong Kong and 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$12,314,000 (31 December 2018: approximately HK$10,133,000).

During the Year, the actual profit after tax of Belicious and its subsidiaries was HK$2,615,000 (2018: 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 is one of the Group's principal business through operating of twelve restaurants serving Japanese cuisine, Thai food, Italian food and Hong Kong local food in Hong Kong and Singapore. During the Year, the revenue from food and beverage business amounted to approximately HK$68,793,000 (31 December 2018: approximately HK$12,494,000). The impact of COVID-19 has affected restaurants. The Group will reduce the operation cost to mitigate the uncertainties the Group shall face in the current climate bought on by COVID-19.

PROVISION OF CHILDREN EDUCATION SERVICES

During the Year, revenue from the provision of children education services amounted to approximately HK$5,427,000 (31 December 2018: approximately HK$1,182,000).

As a result of the COVID-19 outbreak, the Education Bureau of Hong Kong announced a class suspension of all schools starting from early February 2020. As at the date of this announcement, the exact date of class resumption is subject to further assessment, and it was noted that approximately 25% of children had dropped out of the classes operated under the Group's provision of children education services business segment due to the extension of the class suspension.

The Directors are of the view that the education services market in particular in the kindergarten and pre-school education business will face difficulty to maintain the number of students due to withdrawal of individual student during the period.

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$1,732,000 (31 December 2018: approximately HK$1,801,000). The loss was mainly attributable to the rising costs of the food ingredients and beverages for operation and related staff costs. During the Year, the share of losses of a joint venture exceeds its interest in the joint venture, the Group discontinues recognising its share of further losses. 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.

INVESTMENTS IN AN UNLISTED INVESTMENT FUND

East Gain Enterprise Limited ("**East Gain**"), a wholly-owned subsidiary of the Company, invested in certain non-voting participating redeemable shares ("**Fund Shares**") of an unlisted investment fund ("**Fund**") in 2015. On 15 March 2019, East Gain accepted the offer from Convoy Collateral Limited ("**CCL**"), a company incorporated in Hong Kong with limited liability and an independent third party, to purchase the 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 considered that the disposal of the Fund Shares represented 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 Shares is conditional upon the other shareholders of the Fund accepting CCL's offer and East Gain receiving the Disposal Price in full from CCL. On 19 March 2019, East Gain was informed by CCL that all shareholders of the Fund had accepted its offer to purchase.

Up to the date of this announcement, the instalments of the Disposal Price receivable had been received.

PROSPECTS

For the past several months, the food and beverage business has been under severe duress from unprecedented challenges on the home front, the outbreak of COVID-19 and a slowdown in the global economy. Given the fact that Hong Kong's food and beverage sector has been severely impacted, the Group will adhere to a flexible and prudent approach in food and beverage business development and deploy resources cautionly in order to maintain its overall competitiveness. In addition, it is expected that the loan business will have a steady development this year based on the current market environment and sentiment. The Group remains optimistic about the development potential of Hong Kong market and take measures accordingly to improve our overall operational efficiency and strengthen our revenue base.

It has been observed that the continuous outbreak of the swine fever, together with the outbreak of COVID-19 affecting various provinces and regions in the PRC, has contributed to a disruption of the upstream side and downstream side of the PRC pork supply chain and the swine market, and has resulted in a significant decrease in demand for the Group's feedstock products. After careful consideration of the business development of the Group's feedstock product business, the operations of the Group's feedstock products business has been temporarily suspended in February 2020 for reassessment of its future business development.

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

Proposed acquisition of Champ Express Holdings Limited

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 ("**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, a company incorporated in the British Virgin Islands with limited liability, at the consideration of HK$6,800,000. Champ Express Holdings Limited 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.

Disposal of investments in an unlisted investment fund

On 15 March 2019, East Gain accepted the offer from CCL, an independent third party, to purchase 736.217 Fund Shares held by East Gain at the 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. For further details of the Fund and the disposal, please refer to the section headed "Investments in an Unlisted Investment Fund" above.

Save as disclosed above, the Company does not have any significant acquisition and disposal during the year.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK$29,689,000 (2018: approximately HK$68,576,000) and net current assets of approximately HK$96,678,000 (2018: approximately HK$191,074,000). Current ratio (defined as total current assets divided by total current liabilities) was 2.89 times (2018: 6.02 times).

The Group did not have any borrowings as at 31 December 2018 and 2019.

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 and depreciation amounted to approximately HK$79,698,000.

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 2019 was 33% (2018: 13%).

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

As at 31 December 2019, the Group had equity attributable to owners of the Company of approximately HK$136,726,000 (2018: approximately HK$243,416,000).

CAPITAL REORGANISATION

Pursuant to a special general meeting held on 27 May 2019, the special resolution approving the Capital Reorganisation comprising the Share Consolidation, the Capital Reduction and the Share Sub-division (each as defined below) was duly passed by way of poll and took effect on 28 May 2019.

Under the Capital Reorganisation,

(1) Every 8 issued and unissued shares of HK$0.01 each in the then existing share capital of the Company was consolidated ("**Share Consolidation**") into 1 consolidated share of HK$0.08 each ("**Consolidated Share**");

(2) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation was rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation;

(3) the par value of each of the then issued Consolidated Shares was reduced from HK$0.08 to HK$0.01 each ("**New Shares**") by cancelling the paid-up capital of the Company to the extent of HK$0.07 on each of the then issued Consolidated Shares, such that the par value of each issued Consolidated Share was reduced from HK$0.08 to HK$0.01 (together with sub-paragraph (2) above, the "**Capital Reduction**"); the credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional Consolidated Share which may arise from the Share Consolidation, was transferred to the contributed surplus account of the Company within the meaning of the Company Act 1981 of Bermuda; and

(4) each of the then authorised but unissued Consolidated Shares of par value of HK$0.08 each was sub-divided into 8 New Shares of par value of HK$0.01 each ("**Share Sub-division**", together with the Share Consolidation and the Capital Reduction, the "**Capital Reorganisation**").

The board lot size for trading in the Shares was changed from 20,000 then existing shares to 10,000 New Shares on the Stock Exchange after completion of the Capital Reorganisation.

PROPOSED ISSUE OF SHARES UNDER THE GENERAL MANDATE

On 3 June 2019, the Company and Yellow River Securities Limited as placing agent entered into a conditional placing agreement pursuant to which the placing agent agreed to place, on a best endeavor basis, up to 30,600,000 placing shares of the Company at the placing price of HK$0.22 per share under general mandate ("**Placing**"). As disclosed in the announcement of the Company dated 24 June 2019, the conditions precedent under the placing agreement was not fulfilled on or before 24 June 2019, being the long stop date of the placing agreement, the placing agreement has lapsed and the Placing did not proceed.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

For the year ended 31 December 2019, 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 2019, the Group did not have any contingent liabilities (2018: HK$Nil).

CHARGES OF GROUP ASSETS

As at 31 December 2019, the Group did not have any charges of group assets.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2019, the Group had approximately 73 employees in Hong Kong and the PRC (excluding directors of the Company) (2018: 77). 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

(a) Reference is made to the announcement of the Company dated 21 February 2020. As a result of the continuous outbreak of the swine fever, together with the outbreak of COVID-19 affecting various provinces and regions in the PRC, has contributed to a disruption of the upstream side and downstream side of the PRC pork supply chain and the swine market, and has resulted in a significant decrease in demand for the Group's feedstock products. After careful consideration of the business development of the Group's feedstock product business, the operations of the Group' s feedstock products business has been temporarily suspended in February 2020 for reassessment of its future business development. The Company will continue to evaluate the impact of the suspension of operations of the Group's feedstock products business and further consider the circumstances to assess the viability of continuance of such business.

(b) The fair value of listed equity securities are determined based on the quoted market closing price available on the Main Board and GEM of the Stock Exchange at the end of the reporting period.

As at the date of approval of this announcement, the realised gains and unrealised losses on financial assets at fair value through profit or loss from changes in fair value on financial assets at fair value through profit or loss held as at 31 December 2019 amounted to approximately HK$101,000 and HK$4,191,000 respectively.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2019 (2018: HK$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 (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules.

During the year, the Company has adopted and complied with the code provisions ("**Code Provision**") as set out in the CG code to the GEM Listing Rules except for Code Provision A.2.1 in respect of the role separation of chairman and chief executive officer as explained below.

The Company aims to comply with all the Code Provision and will review and update the current practices of the corporate governance regularly in order to achieve the aims.

Code Provision A.2.1 requires the position of the chairman and the chief executive officer be held separately by two individuals to ensure their independence, separate accountability and responsibilities. The chairman of the Company is responsible for the overall leadership of the Company and for strategies and planning of the Group. The chief executive officer is responsible for the day-to-day management of the Group's business and operations.

Mr. Ng Man Chun Paul assumes the role of both the chairman of the Board and the chief executive officer of the Company. The Board believes that vesting both the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

Mr. Lam Chun Kei, an executive Director, is a shareholder and director of a company incorporated under the laws of Singapore whose principal business is operating food and beverage business in Singapore, which may compete with the Group's food and beverage 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 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MANAGEMENT CONTRACTS

During the year ended 31 December 2019, the Group had eleven management agreements with Global Food Culture Group Limited ("**GFC**"), an independent third party of the Company, dated 16 July 2018, 16 October 2018, 1 February 2019, 16 February 2019, 18 February 2019, 1 June 2019, 3 October 2019 and 25 October 2019 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 13 months to 39 months 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 2019 have been reviewed by the Audit Committee.

On behalf of the Board
China Demeter Financial Investments Limited
Ng Man Chun Paul
Chairman

Hong Kong, 23 March 2020

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 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.