新煮意控股有限公司
Food Idea Holdings Limited

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

ANNUAL REPORT
2018

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

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

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

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

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors
Mr. Wong Hoi Yu *(Chairman)*
Mr. Yu Ka Ho *(Chief executive officer, "CEO")*

Independent non-executive Directors
Mr. Li Lap Keung
(appointed on 22 February 2019)
Mr. So Yat Chuen
(appointed on 22 February 2019)
Dr. Wu Wing Kuen, *B.B.S.*
(appointed on 16 January 2019)
Mr. Kwan Wai Yin, William
(resigned on 16 January 2019)
Mr. Tam Lok Hang
(resigned on 22 February 2019)
Mr. Chu Sin Bun Jacky
(appointed on 1 February 2018 and resigned on 22 February 2019)
Mr. Li Fu Yeung
(resigned on 1 February 2018)

Compliance Officer

Mr. Yu Ka Ho

Authorised Representatives

Mr. Yu Ka Ho
Mr. Chung Man Wai, Stephen
(appointed on 7 December 2018)
Mr. Wong Tin King, Richard
(resigned on 7 December 2018)

Company Secretary

Mr. Chung Man Wai, Stephen
(appointed on 7 December 2018)
Mr. Wong Tin King, Richard
(resigned on 7 December 2018)

Audit Committee Members

Mr. Li Lap Keung *(Chairman)*
(appointed on 22 February 2019)
Mr. So Yat Chuen
(appointed on 22 February 2019)
Dr. Wu Wing Kuen, *B.B.S.*
(appointed on 16 January 2019)
Mr. Tam Lok Hang
(resigned on 22 February 2019)
Mr. Chu Sin Bun Jacky
(appointed on 1 February 2018 and resigned on 22 February 2019)
Mr. Kwan Wai Yin, William
(resigned on 16 January 2019)
Mr. Li Fu Yeung
(resigned on 1 February 2018)

Remuneration Committee Members

Mr. So Yat Chuen *(Chairman)*
(appointed on 22 February 2019)
Mr. Li Lap Keung
(appointed on 22 February 2019)
Dr. Wu Wing Kuen, *B.B.S.*
(appointed on 16 January 2019)
Mr. Tam Lok Hang
(resigned on 22 February 2019)
Mr. Chu Sin Bun Jacky
(appointed on 1 February 2018 and resigned on 22 February 2019)
Mr. Kwan Wai Yin, William
(resigned on 16 January 2019)
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(resigned on 1 February 2018)

Nomination Committee Members

Mr. So Yat Chuen *(Chairman)*
(appointed on 22 February 2019)
Mr. Li Lap Keung
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Dr. Wu Wing Kuen, *B.B.S.*
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Mr. Li Fu Yeung
(resigned on 1 February 2018)

CORPORATE INFORMATION

Auditor

Elite Partners CPA Limited
Certified Public Accountants

Principal Bankers

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

Registered Office

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

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

Unit 306-A201, 3/F.
Harbour Centre, Tower 1
1 Hok Cheung Street
Hunghom, Kowloon
Hong Kong

Hong Kong Share Registrars and Transfer Office

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road, North Point, Hong Kong

Company Website

www.foodidea.com.hk

GEM Stock Code

8179

CHAIRMAN'S STATEMENT

TO OUR SHAREHOLDERS

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018 (the "Year").

Money Lending Business

Pursuant to our record, the aggregate loans offered was of approximately HK$530.45 million and HK$560.75 million as at 31 December 2017 and as at 31 December 2018 respectively, representing an increase of approximately 6%. Most of our clients negotiated with the Group directly without involving any financial intermediaries. With regard to the recent combat on the illegal malpractices of financial intermediaries which charge exorbitant intermediary fees, the Board believes more borrowers will avoid using financial intermediaries and turn to deal with licensed money lenders which are more reliable and regulated, such as banks and licensed money lenders of listed companies directly.

Food Products Operation

The food products operation business was operated by the subsidiaries of the Company to produce and supply barbequed food and Taiwanese Lou Mei to over 80 (2017: over 70) concessionaire stores in major supermarket chains in Hong Kong, which have new outlets from time to time.

The food products operation recognised an increment in segment revenue of approximately 26% to HK$124.66 million for the Year, compared with approximately HK$98.74 million for the year ended 31 December 2017 (the "Last Year"). However, the growth of revenue was counteracted by the rise in food cost, staff cost and other operating cost. As a result, the segment loss recorded approximately HK$1.30 million for the Year compare with segment profit recorded approximately HK$0.8 million for the Last Year.

Securities Investment Business

As at 31 December 2018, the Group adopt a prudent approach in identifying opportunities in investment includes various equity securities and funds listed in Hong Kong.

CHAIRMAN'S STATEMENT

The Hang Seng Index closed at 25,845 at the end of December 2018, compared with 29,919 at the end of December 2017. The average daily turnover on the Main Board and GEM during the Year was approximately HK$107 billion, an increase of approximately 22% as compared with approximately HK$88 billion for the Last Year. The financial markets also experienced a high level of volatility, especially the market is filled with a lot of uncertainties such as the trigger of trade war and the effect of contractionary monetary policy from U.S.. Due to the dramatic volatility of the market, the management had cut losses on certain investments which were in vulnerable position and kept those with potential prospect. As a result, the Group recorded a loss on disposal of financial assets at fair value through profit or loss ("FVTPL") of approximately HK$49.86 million for the Year. We will continue to monitor the existing positions closely to maximise the return prospect for our investments.

Dessert Catering Business

In recent years, the catering industry has indeed been changing in a more evident and quicker manner. Growing popularity of casual dining has brought substantial impact and challenges to the industry. With the view to enhancing and enriching the Group's business scope and product line, the Group started its expansion, through its associate (the "Lucky Dessert Group"), into the dessert catering business using the trademarks, "Lucky Dessert 發記甜品", in the People's Republic of China ("PRC") in 2015.

The Lucky Dessert Group competes with both new entrants and competitors with longer operating histories, in terms of taste, quality, price and customer service etc. The progress of opening and setting up new dessert catering restaurants was slowed down. As a result, the Group recognised a share of loss of an associate of approximately HK$19.19 million for the Year in this sector.

Wine Trading Business

The retail market in Hong Kong has continued to improve in 2018. The value of total retail sales has increased from approximately HK$446.1 billion in 2017 to approximately HK$485.2 billion in 2018, representing an increase of approximately 9%, as released by the Census and Statistics Department in March 2019.

Since 2008, wine industry in Hong Kong has uplifted for years through the help of the removal of all wine duties and administrative control by the Government of the Hong Kong Special Administrative Region ("HKSAR"). Hong Kong has further developed into a wine trading and distribution center. According to the Hong Kong Merchandise Trade Statistics, the total import values of wines has reached HK$11.9 billion in 2018 with a continuing growth. New wines world is gaining market share, Australia became the 2nd largest country which consists of 17% of total import values in 2018.

For the Year, the wine trading operation has achieved positive results and recorded revenue of approximately HK$52.91 million with a segment profit of approximately HK$3.04 million.

CHAIRMAN'S STATEMENT

The Group's wines are currently from various reputable vineyard and winery from Australia with a focus on the red wine as the major product. The Board believes that through the uplift of Australian wines can help the Group to develop its sales and the continuous development of the wine trading business can provide synergy with the existing Group's distribution and catering business. In the meantime, The Board will openly and actively seeking new opportunity in order to broaden sales channel, also target to establish long terms partnership with various potential supplier to bring the Group with costing advantage also expand the Group's products portfolio.

Prospects

The Board always strives to improve the Group's business operations and financial position by proactively seeking potential investment opportunities that would diversify the Group's existing business portfolio and broaden its source of income, and enhance value to the shareholders.

Appreciation

I would like to thank our shareholders for their support to the Group. I would also like to thank my fellow Directors and all staff members for their positive contributions during the year. We will continue to work towards our goal and improve our results in the future.

Wong Hoi Yu
Chairman

Hong Kong, 28 March 2019

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out as follows:

Executive Directors

Mr. Wong Hoi Yu（黃愷宇先生）, aged 35, is the chairman of the Board and an executive Director. Mr. Wong was appointed as an executive Director on 16 August 2016. Mr. Wong obtained his bachelor's degree of science in Computer Science from Chu Hai College of Higher Education in Hong Kong in 2008. He has more than 8 years' solid marketing and management experience, including restaurant operations, recruitment, managing food and service quality, etc., from his previous employments in the catering industry in Hong Kong. Mr. Wong is also a director of certain subsidiaries and a joint venture of the Group and is responsible for the overall management, business development and strategic planning of the Group.

Mr. Yu Ka Ho（余嘉豪先生）, aged 36, was appointed as an executive Director on 22 June 2015 and as a CEO, authorised representative and compliance officer of the Company on 22 November 2016. Mr. Yu was an independent non-executive Director, chairman of the audit committee ("Audit Committee"), and a member of the remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee") of the Company when the shares of the Company were listed on GEM in July 2011. He retired at the annual general meeting ("AGM") of the Company in May 2012 and was then appointed as vice president of the business development department of Food Idea Group Limited, a wholly-owned subsidiary of the Company, on 1 June 2012. He is also a director of certain subsidiaries, joint ventures and associates of the Group and is responsible for business development, finance, accounting, human resources and marketing of the Group.

Independent Non-Executive Directors

Mr. Li Lap Keung（李立强先生）, aged 36, was appointed an independent non-executive Director on 22 February 2019. He is also the chairman of the Audit Committee and member of the Nomination Committee and Remuneration Committee. Mr. Li has over 6 years' experience of external and internal audit in international accountancy firms and 2 years as a senior manager and head of auditing at Jimei International Entertainment Group Limited (now known as Starlight Culture Entertainment Group Limited), the shares of which are listed on the Main Board of the Stock Exchange (stock code:1159). Mr. Li has experience in financial and internal audit together with compliance aspects for private and listed companies for various industries. He is currently the company secretary of Hovel Services Group Company Limited since February 2019. He obtained his bachelor degree in Business Administration (Honours) in Accountancy from the City University of Hong Kong in 2008. He is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. So Yat Chuen (蘇溢泉先生), aged 50, was appointed an independent non-executive Director on 22 February 2019. He is also the chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee. Mr. So is a solicitor of the High Court of the Hong Kong Special Administrative Region and has over 22 years of experience in legal sector. Mr. So is currently one of the chairmen of the Appeal Tribunal Panel (Buildings) (section 45 of the Building Ordinance (Cap. 123 of the Laws of Hong Kong)) and his appointment is for the period from 1 December 2018 to 30 November 2021. He is also a member of the Wanchai West Area Committee under the Home Affairs Department, The Government of the Hong Kong Special Administrative Region from 2014 to 2020. Mr. So obtained a Bachelor of Laws degree from Peking University, a Post-graduate Diploma in English and Hong Kong Law from Manchester Metropolitan University in 2001 and a Master of Laws degree from the University of Greenwich in 2016.

Dr. Wu Wing Kuen, *B.B.S.* (胡永權博士，*B.B.S.*)**,** aged 62, was appointed an independent non-executive Director on 16 January 2019. He is also a member of the Nomination Committee, Audit Committee and Remuneration Committee. Dr. Wu has over 25 years of experience in real estate investment. He has been serving as director of Jet View Investment Limited since December 1991 and as director of Jade Mind Investment Limited since October 2004. Both companies are principally engaged in real estate investments. Dr. Wu has also been serving as independent non-executive director of Nanfang Communication Holdings Limited (stock code: 1617) and Million Cities Holdings Limited (stock code: 2892), the shares of which are listed on the Main Board of the Stock Exchange, since November 2016 and June 2018. Dr. Wu has also served as independent non-executive director of the HongGuang Lighting Holdings Company Limited (stock code: 8343), a company listed on the GEM of the Stock Exchange, since December 2016. Dr. Wu obtained his doctoral degree in business administration from the Clayton University in the United States in June 1989.

Senior Management

Mr. Chung Man Wai, Stephen (鍾文偉先生), aged 40, was appointed as authorised representative and company secretary ("Company Secretary") of the Company on 7 December 2018. Mr. Chung holds a Bachelor's degree of Science in Applied Accountancy from Oxford Brookes University. He is a member of Hong Kong Institute of Certified Public Accountants and has extensive experience in the professional field of accounting and audit.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Food products operation

The revenue of food products operation had a steady growth from approximately HK$98.74 million for the Last Year to approximately HK$124.66 million for the Year.

Although the revenue of the food products operation recorded a rise of approximately 26% for the Year, the effect was counteracted by the rise in the food cost, staff cost and other operating costs. As a result, the segment loss recorded approximately HK$1.30 million for the Year compare with segment profit recorded approximately HK$0.80 million for the Last Year.

Securities Investment Business

As at 31 December 2018, the Group had a portfolio of securities investment of approximately HK$8.34 million (2017: HK$80.30 million) and all of them were equity securities listed in Hong Kong. During the Year, the Group recorded an unrealised gain of approximately HK$5.26 million (2017: approximately HK$14.26 million) and a net realised loss of approximately HK$49.86 million (2017: HK$41.84 million) from its entire securities investment.

Details of the investments in equity securities listed in Hong Kong and their performance are as follows:

Name of the investments	*Note*	% to the total assets of the Group	% to the interest in the respective investments as at 31 December 2017	Fair value as at 31 December 2017 *HK$'000*	Movement for the year ended 31 December 2018: Addition/ (disposal), net *HK$'000*	Movement for the year ended 31 December 2018: Change on fair value *HK$'000*	**Fair value as at 31 December 2018** ***HK$'000***	**% to the total assets of the Group**	**% to the interest in the respective investments as at 31 December 2018**	**Gain/(loss) on disposal** ***HK$'000***
Equity securities listed in Hong Kong										
Cool Link (Holdings) Limited (8491) ("CLH")	*a*	0.28%	0.75%	1,350	1,725	5,263	**8,338**	**1.79%**	**0.96%**	**188**
In Technical Productions Holdings Limited (8446)		11.58%	1.13%	54,961	(54,961)	–	**–**	**N/A**	**N/A**	**(53,168)**
My Heart Bodibra Group Limited (8297)		1.29%	5.00%	6,119	(6,119)	–	**–**	**N/A**	**N/A**	**(1,692)**
L & A International Holdings Limited (8195)		0.61%	4.88%	2,873	(2,873)	–	**–**	**N/A**	**N/A**	**459**
China Life Insurance Company Limited – H Shares (2628)		0.52%	0.00%	2,455	(2,455)	–	**–**	**N/A**	**N/A**	**(305)**
Hong Kong Exchanges and Clearing Limited (388)		0.51%	0.00%	2,398	(2,398)	–	**–**	**N/A**	**N/A**	**41**
Beaver Group (Holding) Company Limited (8275)		0.49%	0.58%	2,310	(2,310)	–	**–**	**N/A**	**N/A**	**3,692**
International Entertainment Corporation (1009)		0.43%	0.08%	2,020	(2,020)	–	**–**	**N/A**	**N/A**	**(58)**
Season Pacific Holdings Limited (1709)		0.32%	0.47%	1,521	(1,521)	–	**–**	**N/A**	**N/A**	**48**
Stau Holdings Limited (8392)		0.19%	0.27%	887	(887)	–	**–**	**N/A**	**N/A**	**40**
Takbo Group Holdings Limited (8436)		0.18%	0.50%	840	(840)	–	**–**	**N/A**	**N/A**	**415**
South China Holdings Company Limited (413)		0.04%	0.00%	201	(201)	–	**–**	**N/A**	**N/A**	**(6)**
BOC Hong Kong (Holdings) Limited (2388)		N/A	N/A	–	–	–	**–**	**N/A**	**N/A**	**(85)**
Tencent Holdings Limited (700)		N/A	N/A	–	–	–	**–**	**N/A**	**N/A**	**44**
Ping An Insurance (Group) Company of China, Ltd – H Shares (2318)		N/A	N/A	–	–	–	**–**	**N/A**	**N/A**	**146**
Galaxy Entertainment Group Limited (27)		N/A	N/A	–	–	–	**–**	**N/A**	**N/A**	**251**
				77,935	(74,860)	5,263	**8,338**			**(49,990)**
Listed fund										
Hang Seng China Enterprises Index ETF (2828)		0.50%	0.01%	2,364	(2,364)	–	**–**	**N/A**	**N/A**	**126**
Total				80,299	(77,224)	5,263	**8,338**			**(49,864)**

Note:

(a) This investment represented 5,750,000 shares, which was approximately 0.96% of the total issued shares of CLH as at 31 December 2018. CLH and its subsidiaries ("CLH Group") are principally engaged in food supplies business in Singapore and other Asia Pacific Region. For the Year, the Group recorded an unrealised fair value gain of approximately HK$5.26 million for the investment in the shares of CLH. According to CLH's third quarterly report for the nine months ended 30 September 2018, CLH Group recorded revenue and net profit of approximately Singapore Dollar ("S$") 18.88 million and S$0.25 million respectively. As disclosed in CLH's latest third quarterly report, the listing of shares is strategic to their entrance into the Hong Kong ship supply industry and will then raise the profile and visibility of CLH Group and strengthen their competitiveness. The management of the Group (the "Management") would also continue to monitor the performance and share price of CHL.

MANAGEMENT DISCUSSION AND ANALYSIS

Money Lending Business

The Group's money lending business maintained a stable performance. During the Year, it generated interest income of approximately HK$7.23 million (2017: HK$11.91 million). Attributable to a reversal of provision for impairment on loan and interest receivables of HK$4 million during the Year, the Group recorded an increase in segment profit to approximately HK$10.35 million (2017: HK$6.37 million).

As at 31 December 2018, an aggregate loan of approximately HK$560.75 million (31 December 2017: HK$530.45 million) with effective interest rate ranging from 3% to 36% per annum (31 December 2017: 3% to 36% per annum) had been built up by the Group. As at 31 December 2018, the outstanding loan receivables of the Group amounted to approximately HK$54.06 million (31 December 2017: HK$188.89 million).

Dessert Catering Business

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

Included in the interests in associates of an intangible asset of approximately HK$146 million represented the cost of trademarks licensing rights "Lucky Dessert 發記甜品", the exclusive rights to use and to grant the license to third parties for using the trademarks to conduct dessert catering business in the PRC for a term of 15 years commencing from 29 September 2014.

As a result of the abovementioned factors, the Group recognised a share of loss of associates of approximately HK$19.19 million (2017: HK$9.57 million) for the Year, of which approximately HK$14.54 million (2017: HK$3.74 million) and HK$4.48 million (2017: HK$4.65 million) represented the impairment and amortisation of the trademarks licensing rights, after netting off against the corresponding deferred tax credit of approximately HK$6.34 million (2017: HK$2.8 million) in aggregate.

As at 31 December 2018, the Lucky Dessert Group had six (2017: six) dessert catering restaurants which were operated by local business partners in Tianjin, Taiyuan, Nanjing and Shenzhen. The Management will continue to look for potential local partners for developing the restaurant network.

MANAGEMENT DISCUSSION AND ANALYSIS

Wine Trading

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

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

On 22 October 2018, the Group entered into a sale and purchase agreement with an independent third party for the acquisition 100% of issued share capital of Palinda Holding Group Limited and its wholly owned subsidiary (collectively "Palinda Group") a wine products trading group. Details of the acquisition were set out in the Company's announcements dated 22 October 2018, 30 November 2018, 11 December 2018 and 22 January 2019 and the circular of the Company dated 13 December 2018.

The Group's wine are mainly from various reputable vineyard and winery from Australia, with a focus on the red wine as the major product. During the Year, the wine trading operation has achieved positive results and recorded revenue of approximately HK$52.91 million with a segment profit of approximately HK$3.04 million.

Others

The Group has established a joint venture for the development and operation of a bar restaurant in January 2018. The bar restaurant was situated in Xinyi District, Taipei, an international touristy area for pubs and bars. The bar restaurant provided live music, a dance floor, beer pong arcade machines supplemented by light food and both alcoholic and non-alcoholic beverages. The restaurant had a total saleable area of approximately 700 square meters and a maximum capacity of approximately 200 guests on a single occasion.

The bar business underperformed the Group's expectation and incurred losses since operation mainly because (i) the weak customer sentiment; (ii) the beer pong theme was not able to attract sufficient customer base; and (iii) fierce competition from other bars and night entertainment. The bar restaurant tried various measures to improve the performance, including but not limited to lower the prices for food and beverages, arranged various promotion offers, changed from employing full time to part-time staff etc. However, the customers spending and the customer flow were still sluggish.

Up to 31 December 2018, the Group has injected funds of more than HK$10 million to the bar restaurant, in which the leasehold improvements, rental deposits, and initial set up costs accounted for approximately 38%, 9% and 28% respectively. With the deteriorating business performance, the joint venture closed the bar operation in July 2018 in order to cut losses. Considered the accumulated losses incurred and the recoverability of such costs is remote, an impairment loss of approximately HK$10.43 million has been recognised by the Group for the amounts due from joint ventures for the Year.

Financial Review

During the Year, the Group's revenue amounted to approximately HK$184.83 million which was approximately 66% higher than that of the Last Year. The increment was mainly due to the rise in revenue from food products operation and the new wine business, generating revenue of approximately HK$124.66 million and HK$52.91 million respectively for the Year (2017: approximately HK$98.74 million and HK$Nil respectively).

Loss attributable to the owners of the Company was approximately HK$97.37 million for the Year, a further loss as compared to the loss of approximately HK$79.42 million for the Last Year. Such further loss was mainly attributable to (i) the increase in the net realised loss from financial assets at FVTPL to approximately HK$49.86 million (2017: approximately HK$41.84 million); (ii) the decrease in the net unrealised gain from financial assets at FVTPL to approximately HK$5.26 million (2017: approximately HK$14.26 million); (iii) the increase in the share of loss of associates to approximately HK$19.19 million (2017: approximately HK$9.57 million) and (iv) the reversal to the share of loss of joint ventures to approximately HK$3.84 million (2017: share of profit of approximately HK$1.80 million) for the Year and an impairment loss on amounts due from joint ventures approximately HK$10.43 million (2017: Nil); (v) the increase in commission expenses to supermarket chains for concessionaire stores to approximately HK$26.44 million (2017: approximately HK$22.15 million) and; (vi) the increase in employee benefits expenses to approximately HK$45.58 million for the Year (2017: approximately HK$35.80 million). However, the impact was also counteracted by (i) the decrease in impairment loss on goodwill of approximately HK$1.31 million (2017: HK$4.88 million); and (ii) the decrease in share option expenses to approximately HK$2.11 million (2017: approximately HK$10.36 million) for the Year.

The cost of inventories consumed for the Year amounted to approximately HK$53.67 million (2017: HK$41.36 million) which was approximately 30% higher than that of the Last Year. The cost of inventories consumed in food products operation was approximately 43% (2017: 42%) of the Group's revenue on food products operation for the Year. The cost of sales in wine trading for the Year amounted to approximately HK$48.62 million (2017: Nil). The cost of sales in wine trading was approximately 92% (2017: Nil) of the Group's revenue on wine trading for the Year. The Group will keep the strategy on bulk purchases of food raw materials from suppliers in order to enjoy a larger discount and achieved optimum food mixing. The Group expects to improve the product mixing in wine trading in the future.

Employee benefits expenses for the Year amounted to approximately HK$45.58 million (2017: HK$35.80 million). The increase was mainly due to the new recruitment for developing the Group's wine trading, opening new concessionaire stores in food products operation and the wage adjustments to retain experienced staff under the inflationary environment during the Year. The Group regularly reviews the work allocation of the staff to improve and maintain a high standard of service.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook and Prospects

The Management strives to diversify the Group's existing business and broaden its source of income.

In view of the positive results in wine trading segment for the Year and the prospect of the wine industry in Hong Kong, the development of the wine trading represents a good opportunity for the Group to further develop its distribution and catering business and will help to diversify the businesses of the Group. As such, it is the intention of the Group to further strengthen its sales capability in wine trading with an aim to take advantage of the steady growth in the wine trading industry. Apart from continuing efforts in product portfolio expansion and marketing, the Group will seek for acquisition opportunities to enhance the operating scale and performance of the wine trading segment. The Group is in the view that it may benefit the development of the existing wine trading business by expanding the customer base, addition to wine supply channels and acquisition of staff with relevant skill sets and connections in the wine trading industry.

For the food products operation, the Group continues to search for suitable sites with high traffic flow for expansion and will continue to review the performance of its concessionaire stores and close the underperforming locations.

The Group is also proactively monitoring the rising food costs, labour costs and commission expenses to supermarket chains in order to raise the operational efficiencies of the food products operation.

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

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

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

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

Liquidity, Financial and Capital Resources

Capital structure

As at 31 December 2018, the share capital and equity attributable to owners of the Company amounted to approximately HK$21,279,000 and HK$348,995,000 respectively (2017: HK$21,071,000 and HK$442,085,000 respectively). Details of the capital risk management are set out in the Note 5 to the consolidated financial statements.

Cash position

As at 31 December 2018, the carrying amount of the Group's unpledged bank balances and cash was approximately HK$7,222,000 (2017: HK$37,127,000), representing a decrease of approximately 81% as compared to that as at 31 December 2017. No bank deposits were pledged to banks for the banking facilities of the Group for both years.

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

(a) On 26 February 2018, the holder of share options exercised the rights to subscribe for 20,741,331 shares at HK$0.183 per share. As a result, the Company received a net proceed of approximately HK$3.80 million.

(b) On 22 January 2019, a total of 425,568,000 consideration shares have been issued at the price of HK$0.131 per share pursuant to the terms and conditions of the sale and purchase agreement to acquire 100% of issued share capital of Palinda Group.

(c) On 14 January 2019, the holders of share options exercised their rights to subscribe for 42,557,092 shares at HK$0.042 per share. As a result, the Company received a net proceed of approximately HK$1.79 million.

(d) On 17 January 2019, the holders of share options exercised their rights to subscribe for 106,392,730 shares at HK$0.042 per share. As a result, the Company received a net proceed of approximately HK$4.47 million.

(e) On 15 February 2019, the holders of share options exercised their rights to subscribe for 42,557,092 shares at HK$0.0652 per share. As a result, the Company received a net proceed of approximately HK$2.77 million.

(f) On 19 February 2019, the holder of share options exercised the rights to subscribe for 21,278,546 shares at HK$0.0652 per share. As a result, the Company received a net proceed of approximately HK$1.39 million.

Use of proceeds from the rights issue completed on 23 May 2017

Reference is made to the prospectus of the Company dated 27 April 2017, the announcements of the Company dated 28 February 2017, 23 March 2017, 13 April 2017, 22 May 2017 and 26 January 2018 and the circular of the Company dated 25 March 2017 respectively in relation to the rights issue together with the intended and actual use of proceeds. During the year ended 31 December 2018, the remaining proceeds from the rights issue of approximately HK$18 million was fully utilized as its intended use.

Borrowings and charges on the Group's assets

Details of borrowings and charges on the Group's assets as at 31 December 2018 are set out in Note 28 to the consolidated financial statements.

Gearing ratio

Gearing ratio is calculated as net debt (borrowings and promissory notes less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interest). As at 31 December 2018, the gearing ratio was approximately 21% (2017: N/A).

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK$"). Other than the interest in an associate is denominated in Renminbi ("RMB"), the Group's assets and liabilities are mainly denominated in HK$. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of HK$ or RMB may have an impact on the financial results of the Group.

The exchange rate of RMB to HK$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

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

Saved as disposal of associates, joint ventures, disposal of subsidiaries and event after the end of the reporting period disclosed in Notes 19, 20, 36 and 41 to the consolidated financial statements respectively, the acquisition and disposal of financial assets at FVTPL disclosed elsewhere in this report, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the Year. Saved as disclosed elsewhere in this report, there is no plan for material investments or capital assets as at 31 December 2018.

Contingent Liabilities

Save as disclosed elsewhere in this annual report, the Group had no material contingent liabilities as at 31 December 2018 (2017: Nil).

Capital Commitments

Details of capital commitments of the Group as at 31 December 2018 are set out in Note 33 to the consolidated financial statements.

Employees and Emolument Policies

The Group had over 250 employees (including Directors) as at 31 December 2018 (2017: 220). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board. In addition, the Group adopted a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group. Details of the share option scheme are set out in Note 31 to the consolidated financial statements.

DIRECTORS' REPORT

The Board is pleased to present their annual report together with the audited consolidated financial statements of the Group for the Year.

Principal Activities

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 10 February 2011.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 39 to the consolidated financial statements. The Group is principally engaged in (i) catering services; (ii) production, sales and distribution of food products to supermarket chains in Hong Kong; (iii) investment in securities; (iv) money lending business; and (v) wine trading.

Segment Information

Details of segment information of the Group for the Year are set out in Note 7 to the consolidated financial statements.

Results and Dividends

The results of the Group for the Year and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 51 to 158.

During the Year, no interim dividend (2017: Nil) was declared and paid.

During the Year, there was no arrangement under which any shareholder waived or agreed to waive any dividend.

The Directors do not recommend the payment of final dividend for the Year (2017: Nil). Further details of dividends are set out in Note 13 to the consolidated financial statements.

Business Review

A fair review of the business of the Group as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position can be found in the "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 5 to 7 and pages 10 to 17 respectively.

DIRECTORS' REPORT

Principal Risks and Uncertainties

The Directors are aware that the Group is exposed to a variety of risks, some are specific to the businesses in which the Group operates while others are common risks that most businesses face. Procedures have been established by the Directors to ensure significant risks that may adversely affect the Group's operation and performance are identified and corresponding measures are in place to mitigate those risks. Save as disclosed in Note 6 to the consolidated financial statements and elsewhere in the annual report, the following are the most significant risks identified as at 31 December 2018. If any of these events occur, the Group's businesses, financial conditions, results of operations and/or prospects of the Group could be materially and adversely affected. These key risks are by no means exhaustive or comprehensive, and there may be other risks, in addition to those highlighted below, which are not known by the Group or which may not appear significant now but could turn out to be so in the future. Key risks related to the Group's businesses and to the industries in which the Group operates include:

Money Lending Business

We are exposed to credit risks of our customers who may default on their loans

The Group engages in money lending business which provides financing to customers for earning interest income. The business is therefore subject to risks that the customers may fail to perform their contractual obligations and default on payment of interest and/or the principal. In the event that the customers are late with their payments, the Group's credit collection staff will contact such customers to remind them of their late repayment. Where, after multiple reminders, the customer does not repay such outstanding amounts, or where the Group is unable to locate such customer, the Group may consider commencing legal proceedings in order to enforce its secured interest against any such assets. If the customers delay or default on their payments, the Group may have to incur additional legal costs and expenses in order to enforce its security and/or make provision for impairment or write-off the relevant loans and interest receivables, which in turn may adversely affect its financial position and profitability.

The value or the residual value of the securities may not be sufficient to cover the exposure of the loans

The Group have granted most of its loans with securities such as properties, equity securities listed in Hong Kong. However, if the value of the securities declines and the borrower is unable to repay the full value of the loan, the safety margin of the Group's outstanding loans will be reduced and the risk of recovering its exposure to such loan will be increased. Failure to recover the Group's exposure to any loan would adversely affect the profitability of the money lending business.

DIRECTORS' REPORT

Food products operation

Most of the Group's revenue from food products operation was derived from the concessionaire stores in supermarket chains in Hong Kong

Over 90% of the revenue from food products operation was derived from the concessionaire stores in supermarket chains in Hong Kong. As at 31 December 2018, we operated over 80 concessionaire stores in supermarket chains in Hong Kong.

Competition in the Hong Kong food products operation is keen, and the operating results may fluctuate from time to time subject to various factors, including customers' taste and economic performance. Most of these factors fall outside the Group's control. If we are not able to compete with the competitors, in terms of brand recognition, price levels and food and service quality, the business could be adversely affected.

Should the supermarket chains discontinue the concessionaire store agreements with the Group, the Group's operation, financial performance and business prospects may be materially and adversely affected.

Food safety issue

Given the nature of the food production industry, the Group faces an inherent risk of food contamination and product liability claims. Any outbreak of contamination, allegations of poor standards of hygiene or cleanliness, adverse publicity resulting from publication of industry findings or research reports in relation to any of food ingredients used by the Group could affect public confidence in the Group's food products that may lead to a loss in consumer confidence and reduction in consumption of the particular food product concerned. The Group may also have to incur additional costs in placating any customers or salvaging its reputation or may have to look for alternative sources of food supply which may be more costly.

Securities investments

The performance of the Group's securities investment business is determined by its investment decisions and judgement. Such are based on the Management's assessment of existing and future market conditions. The Management closely monitors the market value and financial performance of the Group's investment portfolio. If the decision-making for the investments fails, or actual changes in market conditions differ from the projection of the Management, the securities investment business may be suffered and the anticipated returns may not be achieved, which would materially adversely affect the Group's business, financial condition and results of operations.

Catering Services

The Lucky Dessert Group's business depends significantly on the market recognition of the trademarks "Lucky Dessert 發記甜品" ("Trademarks"), and any damage to the Trademarks could materially and adversely impact the business and results of operations

The Lucky Dessert Group is the sole authorised user of the Trademarks for fifteen years in the PRC under a trademarks licensing agreement dated 29 September 2014. Any incident that erodes consumer trust in or affinity for the Trademarks could significantly reduce its value. As the Lucky Dessert Group intends to expand geographically and grow in size, maintaining quality and consistency may become more difficult and there is no guarantee that customer confidence in the Trademarks will not diminish. If consumers perceive or experience a deterioration in the dessert quality, service, ambiance or believe in any way that the Lucky Dessert Group is failing to deliver a consistently positive experience, the value of the Trademarks could suffer, which could have a material adverse effect on the Lucky Dessert Group's business.

The Lucky Dessert Group operates in a highly competitive industry

The Lucky Dessert Group operates dessert catering restaurants in a rather competitive market. With relatively low cost to enter the market and relatively focused group of target customer, the Lucky Dessert Group strives to differentiate its products, in terms of taste, quality, price, customer service and ambience, etc. The Lucky Dessert Group's business and results of operations may be adversely affected in the event that the Lucky Dessert Group is not competitive in terms of the pricing, or there is a deterioration in the quality of its desserts or its level of service.

Wine Trading

Wine product cost may increase due to global warming and climate change

Grape is the major ingredient in wine, which is highly affected by weather. Water deficits and droughts, hail, flooding, the frequency of extreme weather events all influence the way a grape is grown and its final quality. It turns out implies a fluctuation in product costing of the Group.

Weather is an uncontrollable factor that the Group is not able to manage if it exists. There is no assurance that the Group will be able to maintain adequate supply from other countries with promising quality. The Group may be required to increase the procurement cost, which may adversely affect the Group's profitability.

Keen competition in Hong Kong wine trading industry

Due to zero import custom policy in 2018 and the promotion of the Government of the HKSAR, it reduces the cost to enter the wine trading market also lower the barrier to become wine trader in Hong Kong.

Sustainable effort has to be made, in order to gate keeping the costing and quality of the Group's sourced wine, or it may be adversely affected in the event that the Group is not competitive in terms of the pricing, or there is a drop in the quality of the products.

Consumer willingness to buy tends to conservative due to economy uncertainty

Wine generally being classified as a luxury product which being segmented into medium to high-end market. It will be highly affected by economy stability. The Group may have to reduce the price levels or offer better business terms to customer, which may adversely affected the Group's performance.

Environmental Policies and Performance

The Group commits to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

The Group also commits to the principle and practice of recycling and reducing. To help conserve the environment, it implements green office practices such as re-deployment of office furniture as far as possible, encourages use of recycled paper for printing and copying, double-sided printing and copying and reduces energy consumption by switching off idle lightings, air conditioning and electrical appliances.

Compliance with the Relevant Laws and Regulations

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Relationship with Suppliers, Customers and other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals.

Save as the dispute with a customer in the Group's money lending business, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders during the Year.

Permitted Indemnity

Pursuant to the memorandum and articles of association ("Articles of Association") of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices. Such permitted indemnity provision has been in force throughout the year. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

Annual General Meeting

The 2019 AGM will be held on Friday, 17 May 2019. A circular containing the details of 2019 AGM and the notice of 2019 AGM and form of proxy accompanying thereto will soon be despatched to shareholders.

Reserves

Details of movements in the reserves of the Company and the Group during the Year are set out in Note 38 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

Distributable Reserves

As at 31 December 2018 the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$283,051,000 (2017: HK$392,092,000). The amount includes the Company's share premium, capital reserve and accumulated losses which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the Year are set out in Note 15 to the consolidated financial statements.

Interest Capitalised

No interest was capitalised by the Group during the Year.

DIRECTORS' REPORT

Summary of Financial Information

A summary of the published results and assets, liabilities and non-controlling interests of the Group, as extracted from the consolidated financial statements, is set out on page 160 of this annual report. This summary does not form part of the audited consolidated financial statements.

Share Capital

Details of the Company's share capital and movements during the year are set out in Note 30 to the consolidated financial statements.

Pre-emptive Rights

There are no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Major Customers and Suppliers

During the Year and Last Year, the Group's total revenue from its five largest customers accounted for less than 30%.

The information in respect of the Group's purchases attributable to the major suppliers for the Year and Last Year is as follows:

	Percentage of the Group's total sales/purchases	
	2018	2017
The largest supplier	**6%**	25%
Five largest suppliers in aggregate	**66%**	68%

None of the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any beneficial interest in the major suppliers disclosed above.

DIRECTORS' REPORT

Directors

The Directors during the Year and up to the date of this annual report are as follows:

Executive Directors

Mr. Wong Hoi Yu *(Chairman)*
Mr. Yu Ka Ho *(CEO)*

Independent non-executive Directors

Dr. Wu Wing Kuen, *B.B.S.* (appointed on 16 January 2019)
Mr. Li Lap Keung (appointed on 22 February 2019)
Mr. So Yat Chuen (appointed on 22 February 2019)
Mr. Li Fu Yeung (resigned on 1 February 2018)
Mr. Kwan Wai Yin, William (resigned on 16 January 2019)
Mr. Tam Lok Hang (resigned on 22 February 2019)
Mr. Chu Sin Bun Jacky (appointed on 1 February 2018 and resigned on 22 February 2019)

Pursuant to article 83(3) of the Articles of Association, Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.* shall retire from office as independent non-executive Directors at the conclusion of the 2019 AGM and, being eligible, offer himself for re-election at the 2019 AGM.

Pursuant to article 84 of the Articles of Association, Mr. Wong Hoi Yu and Mr. Yu Ka Ho shall retire from office as executive Directors by rotation at the 2019 AGM and, being eligible, offer themselves for re-election at the 2019 AGM.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 8 and 9 of this annual report.

Directors' Service Contracts

Mr. Wong Hoi Yu, the executive Director, has a service contract with the Company for a fixed term of one year with effect from the date of appointment on 16 August 2016. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless either party has given at least one month's written notice of non-renewal before the expiry of the then existing term.

Mr. Yu Ka Ho, the executive Director, has entered into a service agreement with the Company pursuant to which he was appointed to act as an executive Director for a term of three years with effect from 22 June 2015. His service agreement was renewed on 21 June 2018. For a term of three years with effect from 22 June 2018.

Each of the independent non-executive Director has entered into a letter of appointment with the Company for a term of one year from their dates of appointment and is subject to termination by either party giving not less than one month's written notice.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Independence Confirmation

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

Remuneration of the Directors and Senior Management and Highest Paid Individuals

Details of the Directors' remuneration and the five individuals with highest emoluments are set out in Note 12 to the consolidated financial statements.

For the Year, the remuneration of the senior management whose details are included in the "Biographical Details of The Directors and Senior Management" section of this annual report fell within the following bands:

Remuneration Bands	**Number of Individuals***
Below HK$1,000,000	4
HK$1,000,001 – HK$1,500,000	1

* Resigned Director and Senior Management during the Year is not included

Management Contracts

As at 31 December 2018, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

Emolument Policy

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors and senior management are reviewed by the Remuneration Committee, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in Note 31 to the consolidated financial statements.

Retirement Benefit Scheme

Details of the retirement benefit scheme of the Group are set out in Note 34 to the consolidated financial statements.

Share Option Scheme

Details of the share option scheme of the Group are set out in Note 31 to the consolidated financial statement.

Directors' Interests in Contract

Saved as disclosed under the section "Connected Transactions" below, no contract of significance to which the Company, or any of its holding company or subsidiaries was a party, and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

Directors' Interests in Competing Business

None of the Directors and their respective associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Year or as at 31 December 2018.

DIRECTORS' REPORT

Update on Directors' Information

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors for the Year and up to the date of this annual report is set out below:

(i) Mr. Li Fu Yeung has resigned from his office as an independent non-executive Director, the chairman of the Audit Committee and the Nomination Committee and a member of the Remuneration Committee on 1 February 2018;

(ii) Mr. Kwan Wai Yin, William has resigned from his office as an independent non-executive Director, a member of Audit Committee, the Remuneration Committee and the Nomination Committee on 16 January 2019;

(iii) Mr. Chu Sin Bun Jacky has been appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee (collectively "Office") on 1 February 2018 and Mr. Chu resigned from his Office on 22 February 2019;

(iv) Mr. Tam Lok Hang, an independent non-executive Director, has been redesignated as the chairman of the Audit Committee on 1 February 2018 and Mr. Tam resigned from his office as an independent non-executive Director, the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee on 22 February 2019;

(v) Dr. Wu Wing Kuen, *B.B.S.*, has been appointed as an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee on 16 January 2019;

(vi) Mr. Li Lap Keung has been appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee on 22 February 2019; and

(vii) Mr. So Yat Chuen has been appointed as an independent non-executive Director, the chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee on 22 February 2019.

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

DIRECTORS' REPORT

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations

As at 31 December 2018, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in the Company

Name of Director	Capacity/nature of interest	Total number of ordinary shares held	Approximate percentage of interest
Mr. Yu Ka Ho	Beneficial owner	256	0.00%

Saved as disclosed above, as at 31 December 2018, none of the Directors and chief executives of the Company had, or deemed to have, any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Directors' Rights to Acquire Shares or Debentures

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above, at no time during the Year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as the Directors are aware, as at 31 December 2018, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above, the following parties have interest or short position in the shares or underlying shares of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

Long Positions in Shares and Underlying Shares of the Company

Name	Capacity/nature of interest	Total number of ordinary shares	Approximate percentage of interest
Wong Ryan Tai Cheong ("Wong TC") *(Note)*	Interest in controlled corporation	254,863,200	11.98%
KMW Investments Limited ("KMW") *(Note)*	Beneficial owner	254,863,200	11.98%
Wong Man Ho Matthew	Beneficial owner	177,729,184	8.35%
Lee Cheuk Yue	Beneficial owner	116,625,184	5.48%

Note

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

Saved as disclosed above, as at 31 December 2018, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Purchase, Sale or Redemption of the Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the Year.

Connected Transactions

Significant related party transactions entered into by the Group during the Year are disclosed in Note 35 to the consolidated financial statements.

Events after the Reporting Period

Details of events after the reporting period are set out in Note 41 to the consolidated financial statements. Save as disclosed elsewhere in this annual report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2018 and up to the date of this annual report.

Code of Conduct for Securities Transactions by Directors

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

Corporate Governance

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" section of this annual report.

Sufficiency of Public Float

As at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 25 June 2011 and 1st revised on 30 December 2015 and 2nd revised on 20 December 2018 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C3.3 of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee, among other things, are to assist the Board in overseeing and reviewing (i) the effectiveness of the Group's risk management and internal control systems and regulatory compliance of the Group; (ii) the integrity of the Company's financial statements and application of accounting standards and significant judgements contained in the financial statements; and (iii) the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditor. As at 31 December 2018, the Audit Committee consists of three members, namely Mr. Tam Lok Hang, Mr. Kwan Wai Yin, William and Mr. Chu Sin Bun Jacky. During the Year, Mr. Li Fu Yeung ceased to act as the chairman of the Audit Committee and Mr. Tam Lok Hang was redesignated as the chairman of the Audit Committee. Subsequent to the reporting period, (i), Mr. Tam Lok Hang ceased to act as the chairman of the Audit Committee; (ii) Mr. Chu Sin Bun Jacky and Mr. Kwan Wai Yin, William ceased to act as the member of the Audit Committee; (iii) Dr. Wu Wing Kuen, *B.B.S.* and Mr. So Yat Chuen were appointed as the member of the Audit Committee; and (iv) Mr. Li Lap Keung was appointed as the chairman of the Audit Committee.

During the Year, the Audit Committee performed duties including reviewing the financial reports and compliance procedures, the risk management and internal control systems and considering the re-election of auditor of the Company.

The Group's annual results for the Year have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the financial statements of the Company and the Group for the Year comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

Auditor

The financial statements for the year ended 31 December 2015, 2016 and 2017 have been audited by SHINEWING (HK) CPA Limited ("SHINEWING"). On 2 November 2018, SHINEWING has resigned as auditor of the Company and SHINEWING could not reach a mutual consensus on the audit fees for financial year ended 31 December 2018. Elite Partners CPA Limited ("Elite Partners") has been appointed as the auditor of the Company with effect from 2 November 2018 to fill the casual vacancy following the resignation of SHINEWING and to hold office until the conclusion of the 2019 AGM.

The financial statements for the Year has been audited by Elite Partners, who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Elite Partners as auditor of the Company will be proposed at the 2019 AGM.

By order of the Board
Food Idea Holdings Limited

Wong Hoi Yu
Chairman and executive Director

Hong Kong, 28 March 2019

CORPORATE GOVERNANCE REPORT

The Board has adopted various policies to ensure compliance with the code provisions of the CG Code under Appendix 15 of the GEM Listing Rules. For the Year, the Company has fully complied with all applicable provisions of the CG Code.

The Company will continue to enhance its corporate governance appropriate to the conduct and growth of its business and to review its corporate governance from time to time to ensure they comply with the statutory and the CG Code and align with the latest developments.

Board of Directors

Board Composition

The Board currently comprises five members, of which two are executive Directors namely Mr. Wong Hoi Yu (Chairman) and Mr. Yu Ka Ho and three are independent non-executive Directors namely Mr. Li Lap Keung, Mr. So Yat Chuen (both appointed on 22 February 2019 in replace of Mr. Tam Lok Hang and Mr. Chu Sin Bun Jacky who resigned on the same date) and Dr. Wu Wing Kuen, *B.B.S.* (appointed on 16 January 2019 in replace of Kwan Wai Yin, William who resigned on the same date). Saved as the resigned Directors, each of the Directors' respective biographical details are set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

The Board included three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise during the year.

Chairman and CEO

The roles of the Chairman and CEO are segregated and are held by Mr. Wong Hoi Yu and Mr. Yu Ka Ho respectively to ensure their respective independence, accountability and responsibility. The Chairman is responsible for the Group's strategic planning and the management of the operations of the Board, while the CEO takes the lead in the Group's operations and business development. There is a clear division of responsibilities between the Chairman and CEO of the Company which provides a balance of power and authority.

Independent non-executive Directors

The independent non-executive Directors are appointed for a fixed term of one year commencing from their dates of appointment for which Mr. Li Lap Keung and Mr. So Yat Chuen whose term commenced on 22 February 2019 and Dr Wu Wing Kuen, *B.B.S.*, whose term commenced on 16 January 2019. The appointment can be terminated by either the Company or the independent non-executive Director giving to the other party not less than one month's prior written notice. The Company and the independent non-executive Director shall discuss whether to renew the term of appointment of the independent non-executive Director prior to the expiration of the relevant term of appointment. If either party disagrees with the renewal of the term of appointment of the independent non-executive Director, such party shall notify the other party in writing at least two months prior to the expiration of the relevant term of appointment. Subject to the consent of both parties, the term of appointment of the independent non-executive Director may be renewed automatically for one year on expiry of the initial term and for successive terms of one year each commencing on expiry of the then current term. Also, the independent non-executive Directors are subject to re-election on retirement by rotation at the AGM in accordance with the Articles of Association.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors namely Mr. Li Fu Yeung (resigned on 1 February 2018), Mr. Kwan Wai Yin, William (resigned on 16 January 2019), Mr. Tam Lok Hang (resigned on 22 February 2019) and Mr. Chu Sin Bun Jacky (resigned on 22 February 2019) to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the Year.

Role and Function of the Board

The Board is responsible for overall management of the Group's business, which assumes the responsibility for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising its affairs.

Delegation by the Board

The Board reserves for its decisions on all major matters of the Group, including the approval and monitoring of major policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The day-to-day management, administration and operation of the Group are delegated to the executive Directors and senior management. The delegated functions and work tasks are reviewed from time to time. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board.

Board Diversity Policy

The Company has adopted a board diversity policy (the "Board Diversity Policy") in 2013 and revised in 2018 setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

Nomination Policy

The Company also adopted a nomination policy (The "Nomination Policy") on 20 December 2018. The purpose of the Nomination Policy is to identify candidates who are suitable to become a member of the Board and to make recommendations to the Board on the selection of candidates nominated for directorships. The Board shall be composed of members with balance of skills, experience and diversity of perspectives appropriate to accomplish the Group's business development, strategies, operation, challenges and opportunities. The core criteria for selection include gender, age, cultural and education background, professional qualifications, skills, knowledge and industry and regional experience, number of directorship in other listed/public companies and in case of independent non-executive Directors, the number of years they have already served. According to the nomination procedure, the Nomination Committee is responsible for identifying potential new Directors and recommends to the Board for decision. The appointment shall be subject to the approval by the Board in accordance with the Company's Memorandum and Articles of Association, the GEM Listing Rules and the Nomination Policy.

Professional Development of the Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interests and business of the Group and such induction materials will also be provided to the newly appointed Directors before their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on Directors' training. During the Year, all Directors have participated in continuous professional development by attending seminars/in-house briefing/reading materials to develop and refresh their knowledge and skills and provided a record of training to the Company. These covered a broad range of topics including Directors' duties, corporate governance and recent updates on the GEM Listing Rules.

Name of Directors	Attended seminars, briefing or read materials
Executive Directors	
Mr. Wong Hoi Yu	✓
Mr. Yu Ka Ho	✓
Independent non-executive Directors	
Mr. Kwan Wai Yin, William (resigned on 16 January 2019)	✓
Mr. Tam Lok Hang (resigned on 22 February 2019)	✓
Mr. Chu Sin Bun Jacky (appointed on 1 February 2018 and resigned on 22 February 2019)	✓
Mr. Li Fu Yeung (resigned on 1 February 2018)	N/A
Mr. Li Lap Keung (appointed on 22 February 2019)	N/A
Mr. So Yat Chuen (appointed on 22 February 2019)	N/A
Dr. Wu Wing Kuen (appointed on 16 January 2019)	N/A

Board Meetings

Notice of at least 14 days have been given to all Directors for all regular Board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the meeting. Draft minutes of all Board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

Minutes of Board meetings and Board committees meetings are kept by duly appointed secretaries of the respective meetings and all Directors have access to Board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

Number of Meetings and Attendance Records

For the Year, 19 Board meetings were held, out of which 4 were regular Board meetings for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Group. The attendance records of each Director at the Board meetings and Board committees' Meetings are set out in the table below:

	Meetings attended/Eligible to attend				
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**AGM held on 8 June 2018**
Executive Directors					
Mr. Wong Hoi Yu	19/19	–	–	–	1/1
Mr. Yu Ka Ho	19/19	–	–	–	1/1
Independent non-executive Directors					
Mr. Kwan Wai Yin, William (resigned on 16 January 2019)	19/19	5/5	5/5	2/2	1/1
Mr. Tam Lok Hang (resigned on 22 February 2019)	19/19	5/5	5/5	2/2	1/1
Mr. Chu Sin Bun Jacky (appointed on 1 February 2018 and resigned on 22 February 2019)	17/17	5/5	4/4	1/1	0/1
Mr. Li Fu Yeung (resigned on 1 February 2018)	2/2	–	1/1	1/1	–
Mr. Li Lap Keung (appointed on 22 February 2019)	–	–	–	–	–
Mr. So Yat Chuen (appointed on 22 February 2019)	–	–	–	–	–
Dr. Wu Wing Kuen *B.B.S.* (appointed on 16 January 2019)	–	–	–	–	–

Board Committee

Audit Committee

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

As at 31 December 2018, the Audit Committee consists of three independent non-executive Directors, namely Mr. Kwan Wai Yin, William, Mr. Tam Lok Hang and Mr. Chu Sin Bun, Jacky. Mr. Tam Lok Hang was the chairman of the Audit Committee. During the Year, Mr. Li Fu Yeung ceased to act as the chairman of the Audit Committee and Mr. Tam Lok Hang was redesignated as the chairman of the Audit Committee. During the Year, 5 meetings of Audit Committee were held for, inter alia, reviewing the Group's quarterly, interim and annual results, the financial reporting and compliance procedures, the risk management and internal control systems and considering the re-election of auditor of the Company.

Subsequent to the reporting period, (i), Mr. Tam Lok Hang ceased to act as the chairman of the Audit Committee; (ii) Mr. Chu Sin Bun Jacky and Mr. Kwan Wai Yin, William ceased to act as the member of the Audit Committee; (iii) Dr. Wu Wing Kuen, *B.B.S.* and Mr. So Yat Chuen were appointed as the member of the Audit Committee; and (iv) Mr. Li Lap Keung was appointed as the chairman of the Audit Committee.

Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 25 June 2011 with written terms of reference in compliance with paragraph B1.2 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 23 March 2012, the Board adopted a set of revised terms of reference of the Remuneration Committee in line with the GEM Listing Rules requirement. The revised terms of reference setting out the Remuneration Committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; and ensure none of the Directors determine their own remuneration. The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

As at 31 December 2018, the Remuneration Committee consists of three independent non-executive Directors, namely Mr. Kwan Wai Yin, William, Mr. Tam Lok Hang and Mr. Chu Sin Bun Jacky. Mr. Tam Lok Hang was the chairman of the Remuneration Committee. Details of the remuneration of Directors are set out in Note 12 to the consolidated financial statements. During the Year, Mr. Li Fu Yeung ceased to act as the member of the Remuneration Committee. During the Year, 5 meetings of Remuneration Committee were held for, inter alia, reviewing the remuneration policy and structure and determining the annual remuneration packages of the Directors and the senior management and determining the annual remuneration packages of the newly appointed Directors and senior management, if any.

Subsequent to the reporting period, (i), Mr. Tam Lok Hang ceased to act as the chairman of the Remuneration Committee; (ii) Mr. Chu Sin Bun Jacky and Mr. Kwan Wai Yin, William ceased to act as the member of the Remuneration Committee; (iii) Dr. Wu Wing Kuen, *B.B.S.* and Mr. Li Lap Keung were appointed as the member of the Remuneration Committee; and (iv) Mr. So Yat Chuen was appointed as the chairman of the Remuneration Committee.

Nomination Committee

The Company established the Nomination Committee by the Board at the Board meeting held on 23 March 2012 with written terms of reference in compliance with paragraph A5.2 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. On 23 March 2012, 22 October 2013 and 20 December 2018, the Board adopted a set of the revised terms of reference of the Nomination Committee in line with the GEM Listing Rules requirement. The revised terms of reference setting out the Nomination Committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the Nomination Committee are to make recommendations to the Board on nomination and appointment of Directors and Board succession, with a view to appoint to the Board individuals with suitable experience and capabilities to maintain and improve the competitiveness of the Company.

Before the Nomination Committee was established, all Directors are responsible for making recommendations to the Board on nomination and appointment of Directors and Board succession, with a view to appoint to the Board individuals with suitable experience and capabilities to maintain and improve the competitiveness of the Company. Where vacancies on the Board exist, the Nomination Committee (or the Board before the Nomination Committee was established) will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an independent non-executive Director, the Company's needs and other relevant statutory requirements and regulations.

As at 31 December 2018, the Nomination Committee consists of three independent non-executive Directors, namely Mr. Kwan Wai Yin, William Mr. Tam Lok Hang and Mr. Chu Sin Bun Jacky. Mr. Chu Sin Bun Jacky was the chairman of the Nomination Committee. During the Year, Mr. Li Fu Yeung ceased to act as the chairman of the Nomination Committee and Mr. Chu Sin Bun Jacky was appointed as the chairman of the Nomination Committee. During the Year, 2 meetings of Nomination Committee were held for, inter alia, considering the retirement and re-election of the Directors and the appointment of the new Directors and senior management, if any. The Nomination Committee has also reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group has achieved the effectiveness of the Board Diversity Policy during the year.

Subsequent to the reporting period, (i) Mr. Chu Sin Bun Jacky ceased to act as the chairman of the Nomination Committee; (ii) Mr. Tam Lok Hang and Mr. Kwan Wai Yin, William ceased to act as the member of the Nomination Committee; (iii) Dr. Wu Wing Kuen, *B.B.S.* and Mr. Li Lap Keung were appointed as the member of the Nomination Committee; and (iv) Mr. So Yat Chuen was appointed as the chairman of the Nomination Committee.

Corporate Governance Function

All members of the Board are responsible for performing the corporate governance functions. The terms of reference of corporate governance functions was adopted by the Board at the Board meeting held on 23 March 2012 and is in compliance with paragraph D3.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. During the Year, the Board has reviewed the policy of the corporate governance and the corporate governance report of the Company.

Directors' Securities Transactions

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions of the Company. Upon the Company's specific enquiry, each Director had confirmed that, they had fully complied with the required standard of dealings and there was no event of non-compliance for the Year.

Auditor's Remuneration

For the Year, the fees paid/payable to Elite Partners, the auditor of the Company, and its affiliate companies in respect of audit and non-audit services provided by them to the Group were as follows:

Service rendered	**Fees paid/ payable** *HK$*
Audit services	950,000
Non-audit services:	
Other services	430,000
Total	1,380,000

Internal Controls and Risk Management

The Board is responsible for the Group's risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute assurance against misstatement or loss.

Given the relatively simple corporate and operation structure, the Group currently does not have an internal audit function.

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management as well as overseeing the formation, implementation and monitoring of the risk management and internal control systems.

In addition, the Group engages independent professional advisor to conduct an annual review of the effectiveness of the Group's risk management and internal control system in various material aspects including financial, operational and compliance controls. The risk management report and internal control report are submitted and reviewed by the Audit Committee at least once a year. Summary of findings and recommendations are discussed at the Audit Committee meeting with a view to improve the Group's operations.

For the Year, the Board, through its Audit Committee, is satisfied that the Group's risk management and internal control systems (i) are adequate to meet the needs of the Group in its current business environment; and (ii) comply with the code provisions on internal control as set out in the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards. In preparing the consolidated financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

The statement of external auditor of the Company, Elite Partners, about its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report.

Investor Relations and Communication

The Board recognises the importance of good communications with all shareholders. The Company encourages two-way communications with both its institutional and private investors. A shareholder's communication policy was adopted by the Board at the Board meeting held on 23 March 2012 aiming at providing the shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. Extensive information about the Company's activities is provided in its interim report, quarterly reports and this annual report, which are sent to shareholders of the Company. The AGM provides a valuable forum for direct communication between the Board and the Company's shareholders. The Chairman of the Board as well as Chairmen of the Board Committees together with the auditor will present to answer shareholders' questions. The circular of the AGM is distributed to all shareholders at least 21 clear days before the meeting. Separate resolutions are proposed at general meetings on each separate issue and voting of which are taken by poll pursuant to the GEM Listing Rules. Any results of the poll are published on both the GEM website and the Company's website. All corporate communication with shareholders will be posted on the Company's website for shareholders' information.

The 2018 AGM was held on 8 June 2018 and no EGMs was held for the Year. Save as the attendance of the Board disclosed under the paragraph headed "Number of Meetings and Attendance Records" above, the auditor also attended the 2018 AGM to answer questions of the shareholders.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's head office or by email to info@foodidea.com.hk.

Dividend Policy

Subject to the approval of the shareholders and requirement of the relevant law, the Company shall pay annual dividends to the shareholders if the Group is profitable, operations environment is stable and there is no significant investment or commitment made by the Group. The aggregate amount of dividend per year shall not exceed 20% of the consolidated annual net profits (excluding extraordinary items, if any) attributable to the shareholders of the Company, taking into consideration the criteria described below. The remaining net profits will be used for Group's development and operations. The dividend policy allows the Company to declare special dividends from time to time in addition to the annual dividends.

The Company's ability to pay dividends will depend upon, among other things, the Group's current and future operations, financial position, development pipeline, prevailing economic environment, contractual restrictions, capital and other reserve requirements, dividends received from the Company's subsidiaries and associates/joint ventures, as well as any other conditions or factors which the Board deems relevant and having regard to the directors' fiduciary duties.

Company Secretary

The Company Secretary, Mr. Chung Man Wai, Stephen, was appointed on 7 December 2018. He is responsible for facilitating the Board meeting process, as well as communications among Board members, with shareholders and Management. Mr. Chung's biography is set out in the "Biographical Details of the Directors and Senior Management" section. During the Year, Mr. Chung undertook not less than 15 hours of professional training to update his skills and knowledge.

Shareholders' Right

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Article of Association, an EGM may be convened by the Board upon requisition by any shareholder holding not less than one-tenth of the issued share capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary at the head office of the Company at Unit 306-A201, 3/F., Harbour Centre, Tower 1, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

The Board shall arrange to hold such general meeting within two (2) months after the receipt of such written requisition. Pursuant to the Article of Association, the Company shall serve requisite notice of the general meeting, including the time, place of meeting and particulars of resolutions to be considered at the meeting and the general nature of the business.

If within twenty-one (21) days of the receipt of such written requisition, the Board fails to proceed to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at a General Meeting

A shareholder shall make a written requisition to the Board or the Company Secretary at the head office of the Company at Unit 306-A201, 3/F., Harbour Centre, Tower 1, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary at the head office of the Company at Unit 306-A201, 3/F., Harbour Centre, Tower 1, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong, or send email to info@foodidea.com.hk. Shareholders may also make enquiries with the Board at the general meetings of the Company.

Constitutional Documents

There are no significant changes in the Company's constitutional documents during the Year.

INDEPENDENT AUDITOR'S REPORT

10/F, 8 Observatory Road,
Tsimshatsui,
Hong Kong

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FOOD IDEA HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Food Idea Holdings Limited (the "Company") and its subsidiaries (hereinafter collecting referred as the "Group") set out on pages 51 to 158, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Two key audit matters identified in our audit are as follows:

1. Impairment assessment on loan and interest receivables
2. Impairment assessment on the interests in associates

Key audit matters identified in our audit summarised are as follows:

IMPAIRMENT ASSESSMENT ON LOAN AND INTEREST RECEIVABLES

Refer to note 23 to the consolidated financial statements and the accounting policies on pages 76 to 79.

The key audit matter

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for loan loss impairment by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

The measurement of ECL requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models (for exposures assessed individually or collectively), such as the expected future cash flows and forward-looking macroeconomic factors.

Due to the significance of the amount to the consolidated financial statements and the corresponding uncertainty inherent in such estimates, we considered this as a key audit matter.

How the matter was addressed in our audit

Our audit procedures included the assessment of controls over the origination, segmentation, ongoing internal credit quality assessments, recording and monitoring of loans and interest receivables.

We also assessed the effectiveness of key controls over the application of the impairment methodology, the governance for the ECL models, inputs and assumptions used by the Group in calculating the ECL.

For the collectively assessed ECL, we assessed the reasonableness of the Group's ECL models, including the model input, model design, model performance for significant portfolios. We assessed the reasonableness of the Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment. We challenged whether historical experience is representative of current circumstances and of the recent losses incurred in the portfolios and assessed the reasonableness of forward-looking adjustments, including the economic variables and assumptions used in each of the economic scenarios and their probability weightings. Where changes had been made in model parameters and assumptions, we evaluated the appropriateness of such changes. We also assessed and tested the sensitivity of the credit loss provisions to changes in modelling assumptions.

For a sample of exposures that was subject to an individual impairment assessment, we specifically reviewed the Group's assumptions on the expected future cash flows, including the value of realisable collateral based on available market information.

We also assessed the financial statement disclosures relating to the Group's exposure to credit risk.

IMPAIRMENT ASSESSMENT ON THE INTERESTS IN ASSOCIATES

Refer to note 19 to the consolidated financial statements and the accounting policies on pages 68 and 75.

The key audit matter

The major interests in associates of the Group is holding 49% of equity interest in Lucky Dessert (China) Holdings Limited. This investment is accounted for as an associate using the equity method because of the significant influence that comes from its voting power. Share of loss of the associate has been recognised in profit or loss.

During the year ended 31 December 2018, the associate had recurring loss in operations due to the fierce competition in dessert industry in the People's Republic of China. As a result, the management performed an impairment test using a value-in-use model to estimate the recoverable amount of the investment.

We have identified the impairment of interests in associates as a key audit matter because of its significance to the consolidated financial statements and because the Group's assessment of impairment of this associate is a judgemental process which requires estimates concerning the methods and assumptions to be applied in determining the value-in-use. The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to valuation model may result in significant financial impact.

How the matter was addressed in our audit

Our procedures were designed to review the management's assessment of the indicators of impairment and to challenge the reasonableness of the methods and assumptions used in the valuation model to estimate the recoverable amount of the investment.

We have discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing.

We have assessed the valuation methodology and compared significant inputs to third party sources. We have also challenged the key assumptions and critical judgement used by the management based on our knowledge of the business and industry.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Siu Jimmy with Practising Certificate number P05898.

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong
28 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	NOTES	2018 HK$'000	2017 HK$'000
Revenue	7	**184,834**	111,148
Other income	8	**1,102**	1,034
Cost of inventories consumed		**(53,669)**	(41,364)
Cost of sales		**(48,620)**	–
Employee benefits expenses	9	**(45,579)**	(35,801)
Other losses, net	9	**(13,171)**	(5,500)
Loss on disposal of financial assets at fair value through profit or loss, net		**(49,864)**	(41,844)
Gain on fair value of financial assets at fair value through profit or loss, net		**5,263**	14,261
Share option expenses	31	**(2,106)**	(10,362)
Other operating expenses		**(54,181)**	(61,506)
Share of loss of associates	19	**(19,190)**	(9,572)
Share of (loss) profit of joint ventures	20	**(3,841)**	1,798
Finance costs	10	**(1,313)**	(1,762)
Loss before tax	9	**(100,335)**	(79,470)
Income tax expenses	11	**–**	(131)
Loss for the year		**(100,335)**	(79,601)

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

For the year ended 31 December 2018

	NOTE	2018 HK$'000	2017 HK$'000
Other comprehensive (expenses) income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(4)**	12
Share of foreign currency translation reserve of an associate		**(1,621)**	3,759
		(1,625)	3,771
Total comprehensive expenses for the year		**(101,960)**	(75,830)
Loss for the year attributable to:			
Owners of the Company		**(97,367)**	(79,417)
Non-controlling interests		**(2,968)**	(184)
		(100,335)	(79,601)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(98,992)**	(75,646)
Non-controlling interests		**(2,968)**	(184)
		(101,960)	(75,830)
		2018	2017
Loss per share			
Basic and diluted (HK cents)	14	**(4.58)**	(4.80)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	15	**13,492**	14,170
Investment properties	16	**26,167**	26,846
Goodwill	17	**–**	1,310
Intangible asset	18	**–**	4,264
Interests in associates	19	**39,189**	49,461
Interests in joint ventures	20	**–**	24,842
Amount due from an associate	19	**–**	7,266
Available-for-sale investments	21	**–**	1,000
Rental deposits	24	**6**	223
Deposits paid for acquisition of property, plant and equipment	24	**–**	1,960
Deferred tax assets	29	**29**	29
Loan receivables	23	**4,460**	31,146
		83,343	162,517
Current assets			
Inventories	22	**289,936**	234
Loan and interest receivables	23	**50,757**	155,033
Trade receivables	24	**19,600**	12,642
Loan to an associate	19	**3,000**	3,000
Amounts due from associates	19	**574**	1,302
Amounts due from joint ventures	20	**168**	9,704
Prepayments, deposits and other receivables	24	**3,498**	12,767
Income tax recoverable		**9**	110
Financial assets at fair value through profit or loss	25	**8,338**	80,299
Bank balances and cash	26	**7,222**	37,127
		383,102	312,218
Current liabilities			
Trade payables	27	**5,786**	5,412
Other payables, accruals and deposits received	27	**13,874**	10,112
Income tax payable		**46**	25
Borrowings	28	**31,663**	15,660
		51,369	31,209
Net current assets		**331,733**	281,009
Total assets less current liabilities		**415,076**	443,526

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Promissory notes	28	**67,689**	–
Deferred tax liabilities	29	**–**	–
		67,689	–
		347,387	443,526
Capital and reserves			
Share capital	30	**21,279**	21,071
Reserves		**327,716**	421,014
Equity attributable to owners of the Company		**348,995**	442,085
Non-controlling interests		**(1,608)**	1,441
		347,387	443,526

The consolidated financial statements on pages 51 to 158 were approved and authorised for issue by the board of directors on 28 March 2019 and are signed on its behalf by:

WONG HOI YU
Director

YU KA HO
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital *HK$'000*	Share premium *HK$'000*	Share options reserve *HK$'000*	Capital reserve *HK$'000* *(Note (i))*	Other reserve *HK$'000* *(Note (ii))*	Foreign currency translation reserve *HK$'000*	Accumulated loss *HK$'000*	Total *HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2018	21,071	613,622	–	106	(182)	(6,989)	(185,543)	442,085	1,441	443,526
Loss for the year	–	–	–	–	–	–	(97,367)	(97,367)	(2,968)	(100,335)
Other comprehensive expenses for the year										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(4)	–	(4)	–	(4)
Share of foreign currency translation reserve of an associate	–	–	–	–	–	(1,621)	–	(1,621)	–	(1,621)
Total comprehensive expenses for the year	–	–	–	–	–	(1,625)	(97,367)	(98,992)	(2,968)	(101,960)
Recognition of equity-settled share based payments *(Note 31)*	–	–	2,106	–	–	–	–	2,106	–	2,106
Issue of shares upon exercise of share options *(Note 30)*	208	4,418	(830)	–	–	–	–	3,796	–	3,796
Disposal of a subsidiary	–	–	–	–	–	–	–	–	(81)	(81)
At 31 December 2018	21,279	618,040	1,276	106	(182)	(8,614)	(282,910)	348,995	(1,608)	347,387

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2018

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Share options reserve *HK$'000*	Capital reserve *HK$'000* *(Note (i))*	Other reserve *HK$'000* *(Note (ii))*	Foreign currency translation reserve *HK$'000*	Accumulated loss *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2017	7,988	420,936	1,498	106	(182)	(10,760)	(106,126)	313,460	1,620	315,080
Loss for the year	–	–	–	–	–	–	(79,417)	(79,417)	(184)	(79,601)
Other comprehensive income for the year										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	12	–	12	–	12
Share of foreign currency translation reserve of an associate	–	–	–	–	–	3,759	–	3,759	–	3,759
Total comprehensive income (expenses) for the year	–	–	–	–	–	3,771	(79,417)	(75,646)	(184)	(75,830)
Recognition of equity-settled share based payments *(Note 31)*	–	–	10,362	–	–	–	–	10,362	–	10,362
Issue of new shares *(Note 30)*	11,181	146,007	–	–	–	–	–	157,188	–	157,188
Transaction costs attribute to the issue of new shares *(Note 30)*	–	(1,882)	–	–	–	–	–	(1,882)	–	(1,882)
Issue of shares upon exercise of share options *(Note 30)*	1,902	48,561	(11,860)	–	–	–	–	38,603	–	38,603
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	5	5
At 31 December 2017	21,071	613,622	–	106	(182)	(6,989)	(185,543)	442,085	1,441	443,526

Notes:

(i) Capital reserve represents the difference between the aggregate amount of issued and fully paid share capital of the subsidiaries acquired by the Company and the nominal amount of the shares issued by the Company in exchange for the entire equity interests in the subsidiaries as part of the group reorganisation.

(ii) Other reserve represents share of other reserve of an associate.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(100,335)**	(79,470)
Adjustments for:		
Loss on disposal of financial assets at fair value through profit or loss, net	**49,864**	41,844
Gain on fair value of financial assets at fair value through profit or loss, net	**(5,263)**	(14,261)
Depreciation	**4,043**	5,306
Amortisation	**186**	192
Share of loss of associates	**19,190**	9,572
Share of loss (profit) of joint ventures	**3,841**	(1,798)
Impairment loss on goodwill	**1,310**	4,876
Written off on intangible asset	**4,078**	–
Impairment loss on amounts due from joint ventures	**10,434**	–
Share option expenses	**2,106**	10,362
Finance costs	**1,313**	1,762
Gain on disposal of subsidiaries	**(1,109)**	(6,437)
Gain on disposal of associates	**(66)**	–
Gain on disposal of a joint venture	**(3,661)**	–
Gain on disposal of property, plant and equipment	**–**	(118)
Write-off of property, plant and equipment	**6,185**	–
(Reversal of) provision for impairment on loan and interest receivables	**(4,000)**	4,172
Impairment loss on available-for-sale investments	**–**	3,007
Interest income from loan to an associate	**(181)**	(180)
Bank interest income	**(6)**	(8)
Operating cash flows before movements in working capital	**(12,071)**	(21,179)
(Increase) decrease in inventories	**(289,702)**	133
Increase in trade receivables	**(6,958)**	(2,804)
Decrease (increase) in loan and interest receivables	**134,962**	(34,476)
Decrease (increase) in prepayments, deposits and other receivables	**8,478**	(9,987)
Increase in trade payables	**374**	1,181
Increase (decrease) in other payables, accruals and deposits received	**4,462**	(71)
Decrease (increase) in financial assets at fair value through profit or loss	**27,360**	(14,990)
Cash used in operations	**(133,095)**	(82,193)
Interest paid	**(596)**	(240)
Hong Kong Profits Tax refund (paid)	**122**	(122)
NET CASH USED IN OPERATING ACTIVITIES	**(133,569)**	(82,555)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2018

	NOTE	**2018 HK$'000**	2017 HK$'000
INVESTING ACTIVITIES			
Acquisition of available-for-sale investments		**–**	(3,007)
Settlement of consideration receivables		**–**	48,175
Net cash inflow on disposal of subsidiaries	36	**5,655**	4,502
Purchases of property, plant and equipment		**(11,230)**	(4,436)
Purchases of investment properties		**–**	(27,156)
Deposit paid for acquisition of property, plant and equipment		**–**	(1,960)
Deposit refund (paid) for acquisition of a subsidiary		**1,000**	(1,000)
Repayment from an associate		**–**	265
Advance to associates		**(1,109)**	(8,548)
Advance to joint ventures		**(975)**	(9,704)
Capital contributions to joint ventures		**–**	(3,044)
Bank interest received		**6**	8
Net cash inflow on disposal of associates		**9,350**	–
Net cash inflow on disposal of a joint venture		**14,200**	–
Proceeds from disposal of property, plant and equipment		**–**	1,969
Withdrawal of pledged bank deposits		**–**	2,017
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		**16,897**	(1,919)
FINANCING ACTIVITIES			
New borrowings raised		**13,360**	10,000
Repayment of borrowings		**(474)**	(3,401)
Issue of promissory notes		**103,829**	–
Repayment of promissory notes, including interest		**(36,857)**	(98,494)
Capital contribution from non-controlling interests		**–**	5
Proceeds from issue of shares		**–**	157,188
Exercise of share options		**3,796**	38,603
Expenses on issue of shares		**–**	(1,882)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**83,654**	102,019
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(33,018)**	17,545
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**31,364**	13,807
Effect of foreign exchange rate changes		**(4)**	12
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**(1,658)**	31,364
Analysis of cash and cash equivalents at the end of the year			
Bank balances and cash		**7,222**	37,127
Bank overdrafts *(Note 28)*		**(8,880)**	(5,763)
		(1,658)	31,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. GENERAL INFORMATION

Food Idea Holdings Limited (the "Company") was incorporated in the Cayman Islands on 10 February 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 July 2011. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of its principal place of business is Unit 306-A201, 3/F, Harbour Centre, Tower 1, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong.

The Company's principal activity during the year was investment holding. The principal activities of its principal subsidiaries are set out in Note 39.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 9	Financial instruments
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"
HKFRS 15	Revenue from contracts with customers and the related amendments
Amendments to HKAS 40	Transfers of investment property
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration
Annual improvements 2014-2016 cycle	Amendments to HKFRS 1 and HKAS 28

Except as described below, the application of the new and revised standards has had no material impact on the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

Application of HKFRS 9

HKFRS 9 and the amendments to HKFRS 9 have replaced HKAS 39 *Financial Instruments: Recognition and Measurement*. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. In accordance with the specific transitional provisions set out in HKFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment) to items that existed as of the date of initial application (i.e. 1 January 2018) on a retrospective basis based on the facts and circumstances and business models that existed as at 1 January 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of HKAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of HKFRS 9 has been recognised as adjustments to the opening equity as of January 2018.

(i) Classification and measurement of financial assets

In general, HKFRS 9 categories financial assets into the following three classification categories:

- amortised cost;
- fair value through other comprehensive income (FVTOCI); and
- fair value through profit or loss (FVTPL).

These classification categories are different from those set out in HKAS 39 which included held to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Details about the Group's accounting policies for its financial assets and financial liabilities are disclosed in the consolidated financial statements. The Group did not designate or de-designate any financial asset at FVTPL at 1 January 2018.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

Application of HKFRS 9 (Continued)

(i) Classification and measurement of financial assets (Continued)

The following table shows a reconciliation from how the Group's financial assets existed as of 1 January 2018 were classified and measured under HKAS 39 to how they are classified and measured under HKFRS 9:

	Old classification under HKAS 39	New classification under HKFRS 9	Carry amount under HKAS39	*Notes*	Carrying amount under HKFRS 9
Equity interest in unlisted company	Available for sales financial assets (at cost less impairment)	FVTPL	1,000	*Note 1*	1,000
Held-for-trading investment	Available for sale financial assets (at fair value)	FVTPL	80,299	*Note 2*	80,299
Trade receivables	Loan and receivables	Amortised cost	12,642	*Note 3*	12,642
Loan receivables	Loan and receivables	Amortised cost	186,179	*Note 3*	186,179

Notes:

1. Under HKFRS 9, investments in equity securities are required to be measured at fair value subsequently at the end of each reporting period. Accordingly, for investments in equity securities that were previously measured at cost less impairment based on the cost exemption under HKAS 39 have to be measured at fair value under HKFRS 9. Based on the specific transitional provisions set out in HKFRS 9, such investments have to be measured at fair value at the date of initial application (i.e. 1 January 2018), with any difference between the fair value and carrying amount under HKAS 39 being recognised in the opening retained earnings as of 1 January 2018.

2. The Group had decided not to designate such investments as at FVTOCI. Accordingly, they are classified as FVTPL under HKFRS 9.

3. The amount represented additional impairment loss based on the new expected loss model under HKFRS 9.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

Application of HKFRS 9 (Continued)

(ii) Impairment

HKFRS 9 has introduced the "expected credit loss model" to replace the "incurred loss" model under HKAS 39. The "expected credit loss model" requires an ongoing measurement of credit risk associated with a financial asset. The Group has applied the "expected loss model" to the following types of financial assets:

- financial assets that are subsequently measured at amortised cost (including cash and cash equivalents, account receivables and loans receivables); and
- contract assets as defined in HKFRS 15.

The application of HKFRS 9 has not material impact on the consolidated financial statements.

Application of HKFRS 15

HKFRS 15 has replaced HKAS 11 Construction Contracts, HKAS 18 Revenue and other revenue-related interpretations. Under HKAS 11 and HKAS 18, revenue arising from construction contracts and provision of services was recognised over time whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 has introduced additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Considering the nature of the Group's principal activities, the adoption of HKFRS 15 does not impact the Group's revenue recognition. Accordingly, HKFRS 15 had no impact on amounts and/or disclosures reported in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

Application of HK (IFRIC 22)

HK (IFRIC) 22 provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency. The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The application of HK (IFRIC) 22 has not had any material impact on the consolidated financial position and the consolidated financial result any material impact on application of HK (IFRIC) 22.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

Application of HK (IFRIC 22) (Continued)

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale.

HKFRS 16 also includes requirements relating to subleases and lease modifications. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (Continued)

HKFRS 16 *Leases* (Continued)

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately HK$852,000 as disclosed in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$1,015,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect 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 applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

Control is achieved where the Group has (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable HKFRSs).

Goodwill

Goodwill arising on a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating unit ("CGU") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, investments in associates and joint ventures are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or a joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On the date of acquisition of the investment, any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

After application of the equity method, including recognising the associate's or joint venture's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate or joint venture. Any impairment loss recognised forms part of the carrying amount of the investment in the associate or joint venture. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Gains and losses resulting from transactions between the Group and its associate or joint venture is recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. The Group's share in the associate's or joint venture's gains or losses resulting from these transactions is eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such classification requires the asset or the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services rendered in the normal course of business, net of discounts.

Revenue from restaurant operation is recognised when the catering services are rendered to customers. Receipts in respect of services that have not been rendered are deferred and recognised as deposits received in the consolidated statement of financial position.

Revenue from the production, sales and distribution of food products is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Management fee income and consultancy fee income is recognised when services are provided.

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Share options granted to other eligible persons

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the counterparties render services.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including leasehold land and building (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible asset acquired separately

Intangible asset with finite useful life that is acquired separately is carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible asset with finite useful life is recognised on a straight-line basis over its estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payment can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Investment properties

Investment properties are properties held to earn rentals and / or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets and intangible asset other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets and intangible asset with finite useful live to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

Accounting policies applied from 1 January 2018

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Fair value through profit or loss ("FVTPL"): Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(i) Financial assets (Continued)

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(ii) Impairment loss on financial assets (Continued)

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Accounting policies applied from 1 January 2018 (Continued)

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

Accounting policies applied until 31 December 2017

The group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. Accordingly, the comparative financial information provided continues to be accounted for in accordance with the group's previous accounting policy.

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(i) Financial assets (Continued)

Financial assets at fair value through profit or loss

These assets include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(i) Financial assets (Continued)

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor’s financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(ii) Impairment loss on financial assets (Continued)

For Loans and receivables or Held-to-maturity investments

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

For Available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Accounting policies applied until 31 December 2017 (Continued)

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

(a) Defined contribution retirement benefit plans

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and the state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

(b) Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

(c) Long service payment

The Group's net obligations in respect of long service payment on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that the employees have earned in return for their services in the current and prior periods.

Liability recognised in respect of long service payment is measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value is material).

Fair value measurement

When measuring fair value, except for the share-based payments, net realisable value of inventories and value in use of property, plant and equipment, goodwill and intangible asset for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT

In the application of the Group's accounting policies which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement

The following is the critical judgement, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Income taxes

As at 31 December 2017, a deferred tax liability of approximately HK$5,334,000 (2018: Nil) in relation to unrealised gain on financial assets at FVTPL has been recognised in the Group's consolidated statement of financial position. Judgement is required in determining the tax outcome on realisation of such investments. The Group intends to hold the financial assets at FVTPL for trading purpose and accordingly had determined the tax effect of the unrealised fair value gain on the basis of selling the assets in the foreseeable future. However, the actual outcome will be dependent on the timing of realisation of the assets at which time the cumulative gain may be non-taxable.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT (Continued)

Key sources of estimation uncertainty (Continued)

Useful lives and impairment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Property, plant and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets or the fair value less costs to disposal. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss and other comprehensive income.

Impairment of goodwill and intangible asset

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGU to which goodwill has been allocated. Also, determining whether intangible asset is impaired requires an estimation of the value-in-use of the intangible asset. The value-in-use calculation requires the Directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2017, the carrying amount of goodwill and intangible asset were approximately HK$1,310,000 and HK$4,264,000 respectively. An impairment loss on goodwill asset of approximately HK$1,310,000 (2017: HK$4,876,000) respectively has been recognised during the year ended 31 December 2018.

Impairment of interests in associates and joint venture

During the year ended 31 December 2018, a material associate had incurred loss in operations due to the fierce competition in dessert industry in the People's Republic of China (the "PRC"). The management of the Group ("Management") performed an impairment test using a value-in-use model to estimate the recoverable amount of the investment. The value-in-use calculation requires the Directors to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2018, the carrying amount of interests in associates is approximately HK$28,650,000 (2017: HK$49,461,000). An impairment loss on intangible asset was recognised by the associate and the Group's share of approximately HK$14,542,000 (2017: HK$3,741,000) of such loss which was included in the share of loss of associates for the year ended 31 December 2018. Details are disclosed in Note 19.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of interests in joint ventures

During the year ended 31 December 2017, the Group invested in a joint venture which indirectly held certain interests in investment properties in Hong Kong. The Management performed an impairment test using valuation model to estimate the recoverable amount of the investment. The estimation was based on certain assumptions which are subject to uncertainty and might differ from the actual result. The Management considered that no impairment loss should be provided on abovementioned interest in a joint venture.

As at 31 December 2018, the carrying amount of interests in joint ventures is HK$10,539,000 (2017: HK$24,842,000). No impairment loss has been recognised during the year ended 31 December 2017. Details are disclosed in Note 20.

Impairment of available-for-sale investments

During the year ended 31 December 2017, the Group had further invested in certain available-for-sale investments which had incurred loss in operations and closure of business subsequent to the year ended 31 December 2017 due to the fierce competition in catering service industry in Hong Kong. The Management considered that the impairment loss should be provided on the abovementioned available-for-sale investments.

As at 31 December 2017, the carrying amount of available-for-sale investments is HK$1,000,000. An impairment loss of approximately HK$3,007,000 had been recognised during the year ended 31 December 2017. Details are disclosed in Note 21.

Impairment of loan and interest receivables, trade receivables, deposits and other receivables, loan to and amounts due from associates and amounts due from joint ventures

The Group's loan and interest receivables, trade receivables, deposits and other receivables, loan to and amounts due from associates and amounts due from joint venture are assessed for impairment based on the expected loss model required by HKFRS 9. The assessment made by management has taken into account relevant historical information adjusted for forward looking information available to management at the date of assessment (to the extent that such information is reasonable and supportable without undue cost or effort). Additional impairment losses have been recognised as at 1 January 2018 on the Group's trade receivables and contract assets to reflect the adoption of the expected loss model. Impairment losses are also recognised for the current year (please see Note 23). Management has exercised judgment in estimating the amount of expected credit loss. If the actual outcome is different from management's estimate, an additional impairment loss or reversal of impairment loss may arise.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT (Continued)

Key sources of estimation uncertainty (Continued)

Income taxes

As at 31 December 2017, deferred tax asset of approximately HK$5,557,000 (2018: Nil) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. As at 31 December 2018, no deferred tax asset has been recognised on the remaining tax losses and deductible temporary difference of approximately HK$194,106,000 (2017: HK$130,055,000) due to unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal take places.

5. CAPITAL RISK MANAGEMENT

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

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

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group expects to maintain a stable gearing ratio through the issue of new shares as well as the undertaking of new debts. Gearing ratio is calculated as net debt (borrowings and promissory notes less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interests).

5. CAPITAL RISK MANAGEMENT (Continued)

The gearing ratio as at 31 December 2018 is as follows:

	2018
	HK$'000
Debt *(Note i)*	99,352
Bank balances and cash	(7,222)
Net debt	92,130
Equity *(Note ii)*	348,995
Gearing ratio *(Note iii)*	21%

Notes:

(i) Debt is defined as promissory notes and borrowings, as detailed in Note 28.

(ii) Equity includes all capital and reserves of the Group excluding non-controlling interests.

(iii) Gearing ratio is calculated as net debt divided by the total of net debt and equity.

As at 31 December 2017, gearing ratio was not applicable to the Group as the Group's bank balances and cash were more than its debt.

6. FINANCIAL RISK MANAGEMENT

6a. Categories of financial instruments

	2018 *HK$'000*	2017 *HK$'000*
Financial assets		
Available-for-sale investments	–	1,000
Financial assets measured at amortised cost	88,448	269,720
Financial assets at FVTPL – held for trading	8,338	80,299
	96,786	351,019
Financial liabilities		
Other financial liabilities at amortised cost	116,893	31,049

6b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, loan and interest receivables, trade receivables, loan to and amounts due from associates, amounts due from joint ventures, deposits and other receivables, financial assets at FVTPL, bank balances and cash, trade payables, other payables and accruals, borrowings and promissory notes. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, loan and interest receivables, loan to an associate and amount due from associates, amounts due from joint ventures, deposits and other receivables and financial assets at FVTPL. The Group's exposure to credit risk arising from cash and cash equivalents and derivative financial assets is limited because the counterparties are large banks have low credit risk.

6. FINANCIAL RISK MANAGEMENT (Continued)

6b. Financial risk management objectives and policies (Continued)

Trade receivables

As at 31 December 2018, the Group has concentration of credit risk as to 29% (2017: 54%) and 55% (2017: 96%) of the total trade receivables which were due from the largest counterparty and the three (2017: three) largest counterparties within food products operation segment, respectively. As at 31 December 2018, the Group also has concentration of credit risk as to 17% (2017: Nil) and 37% (2017: Nil) of the total trade receivables was due from the largest customer and the three (2017: Nil) largest customer within wine trading segment, respectively.

For wine trading segment, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group has a policy such that debtors with balances that are more than one month past due are requested to settle all outstanding balances before any further credit is granted. For food product operation segment, the Directors consider the credit risks associated with trade receivables is minimal as most of the trade receivables are due from reputable companies. Normally, the Group does not obtain collateral from customers or counterparty.

The Group applied the HKFRS 9 simplified approach to measuring expected credit losses ("ECLs") which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Upon the application of HKFRS 9, the Group applied simplified approach to provide for ECL prescribed by HKFRS 9. The management of the Group assessed the ECL for trade receivables individually at the end of reporting period. No impairment allowance for trade receivables were provided since the loss given default and exposure at default are low based on historical credit loss experience. The management has also assessed all available forward looking information, including but not limited to expected growth rate of the industry and expected subsequent settlement, and concluded that there has been no significant increase in credit risk.

6. FINANCIAL RISK MANAGEMENT (Continued)

6b. Financial risk management objectives and policies (Continued)

Loan receivables

The Group's credit policy specifies the credit approval, review and monitoring processes. All new customers of the Group are subject to account opening procedures which include financial background checks for credit verification purpose. Credit limit applications are guided by a set of credit principles and these applications are subject to regular independent review. The board of directors of the Company are responsible to ensure the credit policies and operation manual are appropriate to the market need and the Group's loans department ensures the credit approval, review and monitoring processes as per stipulated in the manual are properly followed by the operation staff.

The Group also adopts a "two eyes" process requiring credit approval at successively higher levels or committees depending on, among other things, the size and nature of the proposed transactions.

The credit quality classification of gross loans receivable (before impairment allowance) using the Group's credit rating system is set out in the table below:

	2018	2017
	HK$'000	*HK$'000*
Performing	**35,597**	170,868
Doubtful	**19,620**	15,311
	55,217	186,179

The Group considers all loan receivables as doubtful if the repayment of principal and/or interest has been overdue for more than 3 months and principal, accrued interest and/or future interest may not be fully secured by the fair value of collateral at its prevailing market price. The Group considers the loan receivables as loss if the repayments of principal and/or interest have been overdue for more than 45 days for the loans to foreign domestic workers, or have been overdue for more than 6 months for all other types of loan receivables; and in both cases the collection of principal and/or interest in full is improbable after taking into account the fair values of the collateral at prevailing market prices.

Based on the above individual assessment, the loans department of the Group proposes to the management of the Company the amount of impairment provision to be made at least on a monthly basis. The Group also performs collective assessment of the loans receivable by grouping together all its receivables with similar credit risk characteristics. The impairment provision is made based on the historical impairment rates of receivables with similar credit risk characteristic.

6. FINANCIAL RISK MANAGEMENT (Continued)

6b. Financial risk management objectives and policies (Continued)

Loan receivables (Continued)

An analysis of changes in the gross amount of loans and advances and receivables is as follows:

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Gross loans and advances and receivables as at 1 January 2018	**166,696**	**–**	**19,483**	**186,179**
New loans/financing originated	61,391	–	–	61,391
Loans/financing derecognized or repaid during the year (other than write-offs)	(188,353)	–	(4,000)	(192,353)
Transfer to 12-month expected credit loss (Stage 1)	–	–	–	–
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	–	–	–	–
Transfer to lifetime expected credit loss credit impaired (Stage 3)	(4,137)	–	4,137	–
Total transfer between stages	(4,137)	–	4,137	–
At 31 December 2018	35,597	–	19,620	55,217

6. FINANCIAL RISK MANAGEMENT (Continued)

6b. Financial risk management objectives and policies (Continued)

Loan receivables (Continued)

An analysis of changes in the corresponding ECL allowances is as follows:

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
At 31 December 2017				
Impact of adopting HKFRS 9	–	–	4,172	4,172
Restated opening balance under HKFRS 9 as at 1 January 2018	–	–	–	–
New loans/financing originated	–	–	–	–
Loans/financing derecognised or repaid during the year (other than write-offs)	–	–	(4,000)	(4,000)
Transfer to 12-month expected credit loss (Stage 1)	–	–	–	–
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	–	–	–	–
Transfer to lifetime expected credit loss credit impaired (Stage 3)	–	–	–	–
Total transfer between stages	–	–	–	–
At 31 December 2018	–	–	172	172

6. FINANCIAL RISK MANAGEMENT (Continued)

6b. Financial risk management objectives and policies (Continued)

Loan receivables (Continued)

Movements in the provision for impairment on loan receivables are as follows:

	Individual
	HK$'000
At 1 January 2017	–
Charged during the year	4,172
At 31 December 2017	4,172

Collateral is obtained in respect of secured fixed loans and secured revolving loans which made up to 98% (2017: 97%) of the total loan receivables as at 31 December 2018. Such collaterals comprise residential and commercial properties and listed/unlisted equity securities pledged against the balances. As at 31 December 2018, the fair value of collaterals for the mortgage loans which are mainly residential flats based on its prevailing market prices amounted to approximately HK$85.2 million (2017: HK$225.9 million). The fair value/net asset value of other collaterals which mainly include listed/unlisted equity securities amounted to approximately HK$5.3 million (2017: HK$30.2 million).

The credit risk on bank and cash balances and other receivables is limited because the counterparties are banks with high credit-ratings.

The Group does not provide any guarantees which would expose the Group to credit risk.

6. FINANCIAL RISK MANAGEMENT (Continued)

6b. Financial risk management objectives and policies (Continued)

Market risk

Interest rate risk

As at 31 December 2018 and 2017, the Group is exposed to fair value interest rate risk in relation to loan receivables, promissory notes and secured other borrowings which carried at fixed rates.

As at 31 December 2018 and 2017, the Group is also exposed to cash flow interest rate risk in relation to bank balances, loan to an associates and borrowings, and details of which are disclosed in Notes 26 and 28 respectively. It is the Group's policy to keep them at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR"), Hong Kong Prime Rate ("Prime Rate") and the best lending rate of respective banks arising from the Group's secured bank borrowings respectively.

The Group's exposure to cash flow interest rate risk in relation to bank balances and pledged bank deposits is minimal as these balances have a short maturity period.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate secured bank borrowings and promissory notes at the end of the reporting period. The analysis is prepared assuming these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2017: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

An increase / decrease of 100 basis points (2017: 100 basis points) in interest rates, with all other variables were held constant, would increase / decrease the Group's loss before tax for the year by approximately HK$217,000 (2017: HK$157,000).

6. FINANCIAL RISK MANAGEMENT (Continued)

6b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk

The Group is exposed to equity price risk through its financial assets at FVTPL. The Management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Directors closely monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is 5% (2017: 5%). If the prices of the financial assets at FVTPL has been 5% (2017: 5%) higher / lower, would decrease / increase the Group's loss before tax for the year ended 31 December 2018 by approximately HK$417,000 (2017: HK$4,015,000) as a result of the fair value changes of financial asset at FVTPL.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

As at 31 December 2018 and 2017, the Group had not breached any of the covenant clauses of its obligations under borrowings *(Note 28)*.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

6. FINANCIAL RISK MANAGEMENT (Continued)

6b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	At 31 December 2018			
	Within one year or on demand *HK$'000*	**1-5 years** *HK$'000*	**Total undiscounted cash flow** *HK$'000*	**Carrying amount** *HK$'000*
Non-derivative financial liabilities				
Trade payables	**5,786**	**–**	**5,786**	**5,786**
Other payables and accruals	**11,755**	**–**	**11,755**	**11,755**
Borrowings *(Note i)*	**31,663**	**–**	**31,663**	**31,663**
Promissory notes	**–**	**69,883**	**69,883**	**67,689**
	49,204	**69,883**	**119,087**	**116,893**

	At 31 December 2017			
	Within one year or on demand *HK$'000*	1-5 years *HK$'000*	Total undiscounted cash flow *HK$'000*	Carrying amount *HK$'000*
Non-derivative financial liabilities				
Trade payables	5,412	–	5,412	5,412
Other payables and accruals	9,977	–	9,977	9,977
Borrowings *(Note i)*	15,660	–	15,660	15,660
	31,049	–	31,049	31,049

Notes:

(i) As at 31 December 2018, instalment loans with a repayment on demand clause are included in the "within one year or on demand" time band in the above maturity analysis and at 31 December 2018, the aggregate undiscounted principal amount of the instalment loans amounted to approximately HK$12,783,000 (2017: HK$9,897,000). Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that the instalment loans will be repaid in accordance with the scheduled repayment dates set out in the loans agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$15,961,000 (2017: HK$12,157,000).

As at 31 December 2018, included in borrowings, approximately HK$8,880,000 (2017: HK$5,763,000) represented bank overdrafts with an demand clause of which no interest element considered in the calculation of undiscounted cash flow.

6. FINANCIAL RISK MANAGEMENT (Continued)

6b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Notes: (Continued)

(ii) The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6c. Fair value measurements

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

	Fair value hierarchy	Valuation techniques and key inputs	Fair value as at 31 December	
			2018	2017
			HK$'000	*HK$'000*
Financial assets				
Equity securities listed in Hong Kong classified as financial assets at FVTPL	Level 1	Quoted bid prices in an active market	**8,338**	77,935
Fund listed in Hong Kong classified as financial assets at FVTPL	Level 1	Quoted bid prices in an active market	**–**	2,364
			8,338	80,299

There was no transfer between level 1, 2 and 3 in the current year.

The Directors consider that the carrying amount of the non-current financial assets approximates its fair value as the impact of discounting is immaterial.

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

7. SEGMENT INFORMATION

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

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

(i) Catering services – The operation of a chain of catering restaurants.

(ii) Food products operation – The production, sales and distribution of food products, such as barbequed food and Taiwanese Lou Mei.

(iii) Investments – Investment in securities.

(iv) Money lending – The provision of money lending business.

(v) Wine trading – The operation of sales and distribution of wine products.

Segment turnover, revenue and results

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

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

7. SEGMENT INFORMATION (Continued)

For the year ended 31 December

	Catering services		Food products operation		Investments		Money lending		Wine trading		Unallocated		Elimination		Consolidated	
	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 TURNOVER	**–**	–	**124,661**	98,738	**55,331**	66,949	**7,230**	12,018	**52,914**	–	**–**	–	**–**	(110)	**240,136**	177,595
REVENUE																
External sales	**–**	–	**124,661**	98,738	**29**	502	**7,230**	11,908	**52,914**	–	**–**	–	**–**	–	**184,834**	111,148
Inter-segment sales	**–**	–	**–**	–	**–**	–	**–**	110	**–**	–	**–**	–	**–**	(110)	**–**	–
Segment revenue	**–**	–	**124,661**	98,738	**29**	502	**7,230**	12,018	**52,914**	–	**–**	–	**–**	(110)	**184,834**	111,148
Segment result	**(4,327)**	(438)	**(1,297)**	800	**(44,573)**	(30,088)	**10,352**	6,373	**3,044**	–	**–**	–	**–**	–	**(36,801)**	(23,353)
Unallocated income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**5,938**	7,589	**–**	–	**5,938**	7,589
Unallocated corporate expenses	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(41,712)**	(38,932)	**–**	–	**(41,712)**	(38,932)
Share option expenses	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(2,106)**	(10,362)	**–**	–	**(2,106)**	(10,362)
Share of loss of associates	**(19,190)**	(9,572)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(19,190)**	(9,572)
Share of (loss) profit of joint ventures	**–**	–	**–**	(5)	**–**	–	**–**	–	**–**	–	**(3,841)**	1,803	**–**	–	**(3,841)**	1,798
Impairment loss on goodwill	**–**	–	**(1,310)**	(4,876)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(1,310)**	(4,876)
Finance costs	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(1,313)**	(1,762)	**–**	–	**(1,313)**	(1,762)
Loss before tax															**(100,335)**	(79,470)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment result represents the (loss from) / profit earned by each segment without allocation of other income, certain other losses, central administrative costs, share option expenses, share of (loss) profit of associates / joint ventures, impairment loss on goodwill and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessments.

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

As at 31 December

	Catering services		Food products operation		Investments		Money lending		Wine trading		Unallocated		Consolidated	
	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*
ASSETS														
Segment assets	**–**	4,264	**19,093**	18,397	**8,338**	81,299	**55,218**	186,179	**297,500**	–	**–**	–	**380,149**	290,139
Interests in associates	**28,650**	49,461	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**28,650**	49,461
Loan to an associate	**3,000**	3,000	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**3,000**	3,000
Amounts due from associates	**574**	1,302	**–**	–	**–**	–	**–**	–	**–**	–	**–**	7,266	**574**	8,568
Amounts due from joint ventures	**–**	–	**168**	169	**–**	–	**–**	–	**–**	–	**–**	9,535	**168**	9,704
Unallocated corporate assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**53,904**	113,863	**53,904**	113,863
Consolidated total assets													**466,445**	474,735
LIABILITIES														
Segment liabilities	**109**	61	**22,901**	19,168	**–**	300	**45**	12	**–**	–	**–**	–	**23,055**	19,541
Promissory notes	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**67,689**	–	**67,689**	–
Unallocated corporate liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**28,314**	11,668	**28,314**	11,668
Consolidated total liabilities													**119,058**	31,209

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

- all assets are allocated to operating segments other than certain property, plant and equipment, investment properties, certain interests in joint ventures, deposits paid for acquisition of property, plant and equipment, deferred tax assets, certain amounts due from associates / joint ventures, income tax recoverable, bank balances and cash and other assets that cannot be allocated to a specific segment; and

- all liabilities are allocated to operating segments other than income tax payable, certain borrowings, promissory notes, deferred tax liabilities and other liabilities that cannot be allocated to a specific segment.

7. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Hong Kong (country of domicile), PRC and Singapore.

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

	Revenue from external customers For the year ended 31 December		Non-current assets *(Note)* As at 31 December	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	***HK$'000***	HK$'000
Hong Kong (country of domicile)	**184,834**	111,148	**50,198**	69,128
Singapore	**–**	–	**–**	4,264
PRC	**–**	–	**28,650**	49,461
	184,834	111,148	**78,848**	122,853

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

Information about major customers

None of the Group's customers contributed 10% or more of the Group's total revenue during the years ended 31 December 2018 and 2017.

7. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2018

	Catering services HK$'000	Food products operation HK$'000	Investments HK$'000	Money lending HK$'000	Wine trading HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amount included in the measure of segment result or segment assets:							
Additions to non-current assets *(Note)*	–	747	–	–	–	12,520	13,267
Depreciation	–	609	–	–	–	3,434	4,043
Amortisation	186	–	–	–	–	–	186
Reversal for impairment on loan and interest receivables	–	–	–	(4,000)	–	–	(4,000)
Gain on fair value of financial assets at FVTPL, net	–	–	(5,263)	–	–	–	(5,263)
Loss on disposal of financial assets at FVTPL, net	–	–	49,864	–	–	–	49,864
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:							
Interest income	(181)	–	–	–	–	(6)	(187)
Finance costs	–	196	–	–	–	1,117	1,313
Income tax expenses	–	–	–	–	–	–	–

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2017

	Catering services *HK$'000*	Food products operation *HK$'000*	Investments *HK$'000*	Money lending *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amount included in the measure of segment result or segment assets:						
Additions to non-current assets *(Note)*	–	385	–	–	54,011	54,396
Depreciation	–	759	–	–	4,547	5,306
Amortisation	192	–	–	–	–	192
Provision for impairment on loan and interest receivables	–	–	–	4,172	–	4,172
Impairment loss on available-for-sale investments	–	–	3,007	–	–	3,007
Gain on fair value of financial assets at FVTPL, net	–	–	(14,261)	–	–	(14,261)
Loss on disposal of financial assets at FVTPL, net	–	–	41,844	–	–	41,844
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interest income	(180)	(2)	–	–	(6)	(188)
Finance costs	–	135	–	16	1,611	1,762
Income tax expenses	–	88	–	–	43	131

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

8. OTHER INCOME

	2018 *HK$'000*	2017 *HK$'000*
Bank interest income	**6**	8
Interest income from loan to an associate	**181**	180
Management fee income	**93**	283
Consultancy fee income	**163**	101
Rental income *(Note)*	**642**	349
Sundry income	**17**	113
	1,102	1,034

Note: No direct operating expenses incurred for investment properties that generated rental income during the year.

9. LOSS BEFORE TAX

	2018 *HK$'000*	2017 *HK$'000*
Loss before tax has been arrived at after (crediting) charging:		
Dividend income, included in revenue	**(29)**	(502)
Other losses, net		
Gain on disposal of subsidiaries	**(1,109)**	(6,437)
Gain on disposal of associates	**(66)**	–
Gain on disposal of a joint venture	**(3,661)**	–
Gain on disposal of property, plant and equipment	**–**	(118)
Write off of property plant and equipment	**6,185**	–
(Reversal) provision for impairment on loan and interest receivables	**(4,000)**	4,172
Impairment loss on available-for-sale investments	**–**	3,007
Impairment loss on goodwill	**1,310**	4,876
Written off on intangible asset	**4,078**	–
Impairment loss on amounts due from joint ventures	**10,434**	–
	13,171	5,500
Employee benefits expenses (including Directors' and chief executive's emoluments)		
Salaries, wages and other benefits	**43,890**	34,480
Contributions to retirement benefits schemes – defined contribution plan	**1,689**	1,321
	45,579	35,801
Share option expenses	**–**	3,108
	45,579	38,909
Auditor's remuneration	**950**	998
Depreciation	**4,043**	5,306
Amortisation	**186**	192
Operating lease rentals in respect of rented premises	**3,024**	2,974

10. FINANCE COSTS

	2018 *HK$'000*	2017 *HK$'000*
Interests on borrowings	**596**	240
Interests on promissory notes *(Note 28)*	**717**	1,522
	1,313	1,762

11. INCOME TAX EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Current income tax – Hong Kong:		
Current year provision	**–**	46
Under provision in prior years	**–**	223
	–	269
Deferred income tax *(Note 29)*	**–**	(138)
	–	131

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"). Under the two-tiered profits tax rate regime, the first $2 million of assessable profits of qualifying corporations is taxed at 8.25% and the remaining assessable profits at 16.5%. The Ordinance is effective from the year of assessment 2018-2019.

Accordingly, the provision for Hong Kong Profits Tax for the year ended 31 December 2018 is calculated in accordance with the two-tiered profits tax regime (2017: a single tax rate of 16.5% was applied).

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

The income tax expenses for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018	2017
	HK$'000	*HK$'000*
Loss before tax	**(100,335)**	(79,470)
Tax at the domestic income tax rate of 16.5% (2017: 16.5%)	**(16,555)**	(13,113)
Tax effect of income not taxable for tax purpose	**(2,320)**	(1,264)
Tax effect of expenses not deductible for tax purpose	**4,677**	3,870
Tax effect of deductible temporary differences not recognised	**4,231**	477
Tax effect of share of results of associates and joint ventures	**3,800**	1,283
Tax effect of tax losses not recognised	**6,167**	8,655
Under provision in prior years	**–**	223
Income tax expenses for the year	**–**	131

Details of deferred tax are set out in Note 29.

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) The emoluments paid or payable to the Directors and the chief executive ("Chief Executive") of the Company were as follows:

	Year ended 31 December 2018					
	Fees *HK$'000*	Salaries, other benefits *HK$'000*	Contributions to retirement benefits scheme - defined contribution plan *HK$'000*	Discretionary bonus *HK$'000*	Share-based payments *HK$'000*	Total *HK$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings						
Executive directors:						
Mr. Yu Ka Ho	–	1,032	18	86	–	1,136
Mr. Wong Hoi Yu	–	120	7	10	–	137
Independent non-executive directors:						
Mr. Chu Sin Bun Jacky *(Note (a))*	55	–	–	–	–	55
Mr. Kwan Wai Yin, William *(Note (c))*	60	–	–	–	–	60
Mr. Li Fu Yeung *(Note (b))*	4	–	–	–	–	4
Mr. Tam Lok Hang *(Note (d))*	60	–	–	–	–	60
	179	1,152	25	96	–	1,452

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) The emoluments paid or payable to the Directors and the Chief Executive were as follows: (Continued)

	Year ended 31 December 2017					
	Fees *HK$'000*	Salaries, other benefits *HK$'000*	Contributions to retirement benefits scheme - defined contribution plan *HK$'000*	Discretionary bonus *HK$'000*	Share-based payments *HK$'000*	Total *HK$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings						
Executive directors:						
Mr. Yu Ka Ho	–	1,032	18	86	–	1,136
Mr. Wong Hoi Yu	–	120	7	10	–	137
Independent non-executive directors:						
Mr. Kwan Wai Yin, William	60	–	–	–	–	60
Mr. Li Fu Yeung *(Note (b))*	60	–	–	–	–	60
Mr. Tam Lok Hang	60	–	–	–	–	60
	180	1,152	25	96	–	1,453

Notes:

(a) Mr. Chu Sin Bun Jacky was appointed as an independent non-executive director with effect on 1 February 2018 and resigned on 22 February 2019.

(b) Mr. Li Fu Yeung resigned on 1 February 2018.

(c) Mr. Kwan Wai Yin, William resigned on 16 January 2019.

(d) Mr. Tam Lok Hang resigned on 22 February 2019.

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

The five individuals with the highest emoluments in the Group included one director (2017: one), details of whose emoluments are set out in Note 12(a) above. Details of the emoluments of the remaining four (2017: four) highest paid individuals were as follows:

	2018	2017
	HK$'000	*HK$'000*
Salaries and other benefits	**3,145**	2,744
Contributions to retirement benefits scheme – defined contribution plan	**68**	66
Discretionary bonus	**175**	349
Share option expenses	**–**	1,140
	3,388	4,299

Their emoluments were within the following bands:

	Number of individuals	
	2018	2017
Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	1
	4	4

During the years ended 31 December 2018 and 2017, no emoluments were paid by the Group to the five highest paid individuals, Directors or the Chief Executive as an inducement to join or upon joining the Group or as compensation for loss of office. During the year ended 31 December 2018, the Director, Mr. Wong Hoi Yu waived his salaries of HK$130,000 (2017: HK$130,000). Except for Mr. Wong Hoi Yu, no other Directors and the Chief Executive and the five highest paid individuals waived or agreed to waive any emoluments paid by the Group.

The remuneration of Directors and the Chief Executive is determined by the remuneration committee having regard to the performance of individual and market trends.

13. DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 December 2018 nor has any dividend been proposed since the end of the reporting period (2017: Nil).

14. LOSS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share, being loss for the year attributable to the owners of the Company	**(97,367)**	(79,417)

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,124,558,760**	1,652,937,686

The weighted average number of ordinary shares for the year ended 31 December 2017 has been adjusted for the rights issue on 23 May 2017.

Diluted loss per share for the years ended 31 December 2018 and 2017 was the same as the basic loss per share.

The computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share for the years ended 31 December 2018 and 2017.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Air-conditioning HK$'000	Equipment and kitchen utensils HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST							
At 1 January 2017	–	10,546	11	2,399	285	11,422	24,663
Additions	–	234	–	272	–	1,740	2,246
Written-offs / disposals	–	–	–	–	–	(2,139)	(2,139)
At 31 December 2017 and 1 January 2018	–	10,780	11	2,671	285	11,023	24,770
Additions	12,161	356	167	506	–	–	13,190
Written-offs / disposals	–	(8,262)	–	(1,204)	(285)	(425)	(10,176)
Disposal of subsidiaries *(Note 36)*	–	–	–	–	–	(10,598)	(10,598)
At 31 December 2018	12,161	2,874	178	1,973	–	–	17,186
ACCUMULATED DEPRECIATION							
At 1 January 2017	–	1,500	7	679	10	3,696	5,892
Provided for the year	–	2,208	2	446	57	2,283	4,996
Eliminated on written-offs / disposals	–	–	–	–	–	(288)	(288)
At 31 December 2017 and 1 January 2018	–	3,708	9	1,125	67	5,691	10,600
Provided for the year	254	1,614	20	420	43	1,013	3,364
Eliminated on written-offs / disposals	–	(2,993)	–	(463)	(110)	(425)	(3,991)
Disposal of subsidiaries *(Note 36)*	–	–	–	–	–	(6,279)	(6,279)
At 31 December 2018	254	2,329	29	1,082	–	–	3,694
CARRYING VALUES							
At 31 December 2018	11,907	545	149	891	–	–	13,492
At 31 December 2017	–	7,072	2	1,546	218	5,332	14,170

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	2.5% or unexpired term of lease, if shorter
Leasehold improvements	20% or over the lease term, whichever is shorter
Air-conditioning	20% or over the lease term, whichever is shorter
Equipment and kitchen utensils	20%
Furniture and fixtures	20%
Motor vehicles	20%

The leasehold land and building was situated in Hong Kong and held under medium-term lease.

16. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 January 2017	–
Additions	27,156
At 31 December 2017, 1 January 2018 and 31 December 2018	27,156
ACCUMULATED DEPRECIATION	
At 1 January 2017	–
Provided for the year	310
At 31 December 2017 and 1 January 2018	310
Provided for the year	679
At 31 December 2018	989
CARRYING VALUE	
At 31 December 2018	26,167
At 31 December 2017	26,846

16. INVESTMENT PROPERTIES (Continued)

The investment properties are depreciated on a straight-line basis at 2.5% or unexpired term of lease, if shorter, per annum.

The fair value of the Group's investment properties as at 31 December 2018 was approximately HK$36,688,000 (2017: HK$35,356,000). The valuation performed by the Directors was arrived at by reference to recent market prices of similar properties in the similar locations and conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfers between levels of fair value hierarchy during the year.

The following table gives information about how the fair values of the investment properties as at 31 December 2018:

	Fair value hierarchy	Fair value as at 31 December 2018	Fair value as at 31 December 2017	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
		HK$'000	*HK$'000*				
Investment property A	Level 2	22,248	21,208	Market Comparison approach – by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available	N/A	N/A	N/A
Investment property B	Level 2	14,440	14,148	Market Comparison approach – by reference to recent sales price of comparable properties on a price per square feet basis using market data which is publicly available	N/A	N/A	N/A

All of the Group's investment properties have been pledged to secure banking facilities granted to the Group.

17. GOODWILL

	HK$'000
COST	
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	6,186
IMPAIRMENT	
At 1 January 2017	–
Impairment loss recognised during the year	4,876
At 31 December 2017 and 1 January 2018	4,876
Impairment loss recognised during the year	1,310
At 31 December 2018	6,186
CARRYING VALUE	
At 31 December 2018	–
At 31 December 2017	1,310

For the purposes of impairment testing, goodwill set out above has been allocated to one CGU, comprising two subsidiaries in the food products operation segment.

The basis of the recoverable amount of the above CGU and the major underlying assumptions are summarised below:

The recoverable amount of this CGU has been determined based on a value-in-use calculation with reference to a valuation performed by an independent professional qualified valuer (the "Valuer") not connected to the Group. The calculation uses cash flow projections based on financial budgets approved by Management covering a 5-year period and a pre-tax discount rate of 16.89% (2017: 18.21%). Cash flows beyond the 5-year period has been extrapolated using a steady 2.5% (2017: 3.0%) growth rate. This growth rate is based on relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows / outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and Management's expectations for the market development. As a result, an impairment loss of approximately HK$1,310,000 (2017: 4,876,000) has been recognised during the year ended 31 December 2018.

18. INTANGIBLE ASSET

	Exclusive rights *HK$'000*
COST	
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	4,648
ACCUMULATED AMORTISATION AND WRITTEN OFF	
At 1 January 2017	192
Provided for the year	192
At 31 December 2017 and 1 January 2018	384
Provided for the year	186
Written off	4,078
At 31 December 2018	4,648
CARRYING VALUE	
At 31 December 2018	–
At 31 December 2017	4,264

The above exclusive rights comprise of exclusive right of setting up dessert catering restaurant under the trademark of "Lucky Dessert 發記甜品" and exclusive right to use the trademark "Lucky Dessert 發記甜品" in Singapore.

The exclusive rights were purchased through an acquisition of a subsidiary in 2015 and have finite useful lives and is amortised on a straight-line basis over the contract term for use of trademark of 25 years.

Under the original business plan, the Group intended to grant the franchise right and receive franchising fees in Singapore. Even though the management approached a few potential local entrepreneurs, no result was concluded since the acquisition of the exclusive rights. In view of the fierce competition and increasing difficulties to operate in dessert industry in Singapore, the management considered the chance to find the franchisee was remote. As a result, the management decided to terminate the business plan in Singapore and the respective intangible asset was fully written off as at 31 December 2018.

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

	2018 HK$'000	2017 HK$'000
Cost of unlisted investments in associates	**92,654**	92,654
Share of post-acquisition losses and other comprehensive expenses *(Note (a))*	**(63,822)**	(43,011)
Share of other reserve *(Note (b))*	**(182)**	(182)
Transfer from investment in joint ventures *(Note (c))*	**10,539**	–
	39,189	49,461

Notes:

(a) For the year ended 31 December 2018, Lucky Dessert (China) Holdings Limited and its subsidiaries (the "Lucky Dessert Group") had recurring loss in operations due to the fierce competition in dessert industry in the PRC. The Management reviewed the interests in associates for impairment and determined that the intangible asset as held by the Lucky Dessert Group was impaired based on a valuation prepared by the Valuer. The fair value of the intangible asset was determined using the value-in-use model based on financial budgets prepared by the Management. The unobservable inputs included revenue growth rate of 3.0% (2017: 2.6%) per annum; and pre-tax discount rate of 20.20% (2017: 22.00%) per annum. As a result, an impairment loss on intangible asset of approximately HK$14,542,000 (2017: HK$3,741,000) was recognised by the Lucky Dessert Group and the Group's share of such impairment has been included in the share of loss of associates for the year ended 31 December 2018.

(b) Amount represented transactions between the associates and non-controlling interests of their subsidiaries.

(c) On 30 November 2018, the Group entered into an agreement with joint venture partner of Marvel Miracle in respect of the disposal of 15% equity interest of Marvel Miracle at a consideration of HK$14,200,000, the Group's interest in Marvel Miracle was then decrease from 30% to 15%. The disposal was completed on 31 December 2018, upon the completion of disposal, the 15% equity interest of Marvel Miracle classified from investment in joint venture to interest in an associate. The financial information of Marvel Miracle is set out as Note 20.

The loan to an associate is unsecured, bearing interest of 1% plus the best lending rate of Hong Kong and Shanghai Banking Corporation ("HSBC") fixed as at the date of drawn down (i.e. 6.00% per annum) and repayable on 29 April 2019 (2017: 29 April 2018).

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

As at 31 December 2018 and 2017, the Group had interests in the following material associates:

Name of entity	Form of entity	Country of incorporation / registration	Place / Principal place of operation	Issued and paid up / registered capital	Proportion of ownership interests or participating shares held by the Group		Proportion of voting power held		Principal activity
					2018	2017	**2018**	2017	
Lucky Dessert (China) Holdings Limited ("Lucky Dessert (China)")	Incorporated	British Virgin Islands (the "BVI")	Hong Kong	United States Dollars ("US$") 100	**49%**	49%	**40% *(Note)***	40% *(Note)*	Investment holding
Lucky Dessert (China) Limited	Incorporated	Hong Kong	Hong Kong	HK$100	**49%**	49% *(Note)*	**40% *(Note)***	40% *(Note)*	Investment holding
幸運甜品餐飲管理(深圳)有限公司	Incorporated	The PRC	The PRC	HK$3,050,000	**49%**	49% *(Note)*	**40% *(Note)***	40% *(Note)*	Trademark holding, catering management and consulting
天津凱沃萊爾餐飲有限公司	Incorporated	The PRC	The PRC	Renminbi ("RMB") 1,000,000	**49%**	49% *(Note)*	**40% *(Note)***	40% *(Note)*	Restaurant operations

19. INTERESTS IN ASSOCIATES / LOAN TO / AMOUNTS DUE FROM ASSOCIATES (Continued)

Note: These entities are wholly-owned subsidiaries of Lucky Dessert (China). The Group is able to exercise significant influence over Lucky Dessert (China) as it has appointed two out of five directors of Lucky Dessert (China). The Group is able to exercise significant influence over the wholly-owned subsidiaries of Lucky Dessert (China) through its significant influence over Lucky Dessert (China).

The above table lists the associates of the Group which, in the opinion of the Director, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

The summarised financial information in respect of the associates that is material to the Group and are accounted for using the equity method are set out below:

Lucky Dessert Group

	2018	2017
	HK$'000	*HK$'000*
Current assets	**553**	810
Non-current assets	**87,031**	143,459
Current liabilities	**(7,367)**	(7,492)
Non-current liabilities	**(21,748)**	(35,836)
	58,469	100,941

	2018	2017
	HK$'000	*HK$'000*
Revenue	**891**	2,099
Loss for the year	**(39,164)**	(19,535)
Other comprehensive (expenses) income for the year	**(3,308)**	7,672
Total comprehensive expenses for the year	**(42,472)**	(11,863)

The reconciliation of the summarised financial information presented above to the carrying amount of the interests in the associates is set out below:

	2018	2017
	HK$'000	*HK$'000*
Net assets of the associates	**58,469**	100,941
Proportion of the Group's ownership interests in the associates	**49%**	49%
Carrying amount of the Group's interests in the associates	**28,650**	49,461

19. INTERESTS IN ASSOCIATES / LOAN TO / AMOUNTS DUE FROM ASSOCIATES (Continued)

The financial information and carrying amount, in aggregate, of the Group's interests in associates that are not individually material and are accounted for using the equity method are set out below:

	2018 *HK$'000*	2017 *HK$'000*
The Group's share of loss *(Note)*	–	–
The Group's share of post-tax loss *(Note)*	–	–
The Group's share of other comprehensive expenses *(Note)*	–	–
The Group's share of total comprehensive expenses *(Note)*	–	–

	2018 *HK$'000*	2017 *HK$'000*
Carrying amount of the Group's interests in immaterial associates	–	–

Note: Amount is less than HK$1,000.

The Group has stopped recognised its share of losses of certain associates when applying the equity method. The unrecognised share of those associates for the year ended 31 December 2017 and cumulatively, are set out below:

	2018 *HK$'000*	2017 *HK$'000*
Unrecognised share of losses of associates, both for the year and cumulatively	–	1,716

During the year ended 31 December 2018, the Group disposed of all the associates that are not individually material and presented a gain on disposal of associates of HK$66,000 included in "Other losses, net".

No capital commitment and contingent liabilities incurred related to the Group's interests in associates.

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

	2018 *HK$'000*	2017 *HK$'000*
Costs of investments in joint ventures	11,621	23,044
Share of post-acquisition (loss) profit and other comprehensive (expenses) income, net	(1,082)	1,798
Transfer to interests in associates	(10,539)	–
	–	24,842

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

20. INTERESTS IN JOINT VENTURES / AMOUNTS DUE FROM JOINT VENTURES (Continued)

As at 31 December 2018 and 2017, the Group had interest in the following material joint venture:

Name of entity	Form of entity	Country of incorporation / registration	Place / Principal place of operation	Issued and paid up / registered capital	Proportion of ownership interests or participating shares held by the Group		Proportion of voting power held		Principal activity
					2018	2017	**2018**	2017	
Marvel Miracle International Limited ("Marvel Miracle") *(Note)*	Incorporated	BVI	Hong Kong	US$100	**15%**	30%	**50%**	50%	Investment holding

Note: The Group has exercise joint control on Marvel Miracle as it has appointed one director out of two directors of Marvel Miracle. The relevant activities of Marvel Miracle require the unanimous consent of the parties sharing control.

Marvel Miracle holds 50% equity interest in Jumbo Excel Investment Corporation ("Jumbo Excel"). Jumbo Excel holds 100% equity interest in certain companies, principal activities of which are properties investment. Marvel Miracle has significant influence over Jumbo Excel through having appointed one out of three directors of Jumbo Excel, which makes it an associate of Marvel Miracle.

The above table lists the joint venture of the Group which, in the opinion of the Director, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

The summarised financial information in respect of the joint venture that is material to the Group and is accounted for using the equity method are set out below:

Marvel Miracle

	2018 *HK$'000*	2017 *HK$'000*
Non-current assets	**70,270**	82,813
Current liabilities	**(8)**	(8)
	70,262	82,805

	2018 *HK$'000*	2017 *HK$'000*
Included in the amounts disclosed above are:		
Current financial liabilities (excluding trade and other payables and provisions)	**(8)**	(8)

20. INTERESTS IN JOINT VENTURES / AMOUNTS DUE FROM JOINT VENTURES (Continued)

Marvel Miracle (Continued)

	2018	2017
	HK$'000	*HK$'000*
Revenue	**–**	–
(Loss) profit for the year	**(12,543)**	3,040
Other comprehensive income for the year	**–**	–
Total comprehensive (expenses) income for the year	**(12,543)**	3,040

	2018	2017
	HK$'000	*HK$'000*
Included in the amounts disclosed above are:		
Depreciation and amortisation	**–**	–
Interest income	**–**	–
Interest expense	**–**	–
Income tax expense	**–**	–

The reconciliation of the summarised financial information presented above to the carrying amount of the interest in the joint venture is set out below:

	2018	2017
	HK$'000	*HK$'000*
Net assets of the joint venture	**70,262**	82,805
Proportion of the Group's ownership interest in the joint venture	**15%**	30%
Carrying amount of the Group's interest in the joint venture	**10,539**	24,842

Note: On 31 August 2017, the Group acquired 30% equity interest in Marvel Miracle at a consideration of HK$23,000,000. The consideration for the acquisition was satisfied by the payment in cash amounted to HK$3,000,000 and the remaining balance of HK$20,000,000 by promissory note issued by the Company *(Note 28)*. Gain on acquisition of joint venture of approximately HK$930,000 was recognised in profit or loss and included in share of profit of joint ventures. Immaterial acquisition related cost have been recognised as other operating expenses for the year ended 31 December 2017. The transaction was completed on 31 October 2017.

On 30 November 2018, the Group entered into an agreement with the joint venture partner of Marvel Miracle in respect of the disposal of 15% equity interest of Marvel Miracle at a consideration of HK$14,200,000. The Group's interest in Marvel Miracle was then decreased from 30% to 15%. The disposal was completed on 31 December 2018. Upon the completion of disposal, the 15% of equity interest in Marvel Miracle is classified from interests in joint ventures to interests in associates.

20. INTERESTS IN JOINT VENTURES / AMOUNTS DUE FROM JOINT VENTURES (Continued)

The financial information and carrying amount, in aggregate, of the Group's interests in joint ventures that are not individually material and are accounted for using the equity method are set out below:

	2018 HK$'000	2017 HK$'000
The Group's share of loss	78	44
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive expenses	78	44

	2018 HK$'000	2017 HK$'000
Carrying amount of the Group's interests in immaterial joint ventures	–	–

The Group has stopped recognised its share of losses of certain joint ventures when applying the equity method. The unrecognised share of those joint ventures, both for the year and cumulatively, are set out below:

	2018 HK$'000	2017 HK$'000
Unrecognised share of losses of joint ventures		
At 1 January	2,121	–
For the year	5,124	2,121
At 31 December	7,245	2,121

No capital commitment and contingent liabilities incurred related to the Group's interests in joint ventures.

21. AVAILABLE-FOR-SALE INVESTMENTS

	2018 **HK$'000**	2017 *HK$'000*
Unlisted equity investments in Hong Kong, at cost	**–**	1,000

The above unlisted equity investments represented investment in unlisted equity securities issued by private entities incorporated in Hong Kong. They were measured at cost less impairment for the year ended 31 December 2017. All the above investments were disposed of through the disposal of a subsidiary during the year ended 31 December 2018.

During the year ended 31 December 2017, the Group invested in equity securities issued by private entities of approximately HK$3,007,000. The private entities had recurring loss in operations. The Management reviewed the investment cost for impairment and considered that provision for impairment of approximately HK$3,007,000 recognised for the year ended 31 December 2017.

22. INVENTORIES

	2018 **HK$'000**	2017 *HK$'000*
Food and beverages	**306**	234
Wines	**289,630**	–
	289,936	234

23. LOAN AND INTEREST RECEIVABLES

	2018 **HK$'000**	2017 *HK$'000*
Fixed-rate loan receivables	**54,056**	188,886
Interest receivables	**1,333**	1,465
	55,389	190,351
Less: provision for impairment on loan and interest receivables	**(172)**	(4,172)
	55,217	186,179
Loan receivables analysed for reporting purpose as:		
Non-current asset	**4,460**	31,146
Current asset	**50,757**	155,033
	55,217	186,179

23. LOAN AND INTEREST RECEIVABLES (Continued)

The Group seeks to maintain strict control over its outstanding loan and interest receivables so as to minimise credit risk. The granting of loans is subject to approval by the Directors and / or the director of the subsidiary, where appropriate, whilst overdue balances are reviewed regularly by senior management of the Group.

The Group holds real estates, equity securities or corporate bonds as collaterals for most of the loan and interest receivables. In the event of default or failure to repay any outstanding amounts by the debtors, the Group will proceed with sale of collaterals. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends.

The loan and interest receivables are due from a few independent individuals and over 98% (2017: 97%) of the balances are secured by the collaterals as at 31 December 2018.

The loans provided to debtors bore fixed interest rate ranging from 3% to 36% (2017: 3% to 36%) per annum and will be repayable on maturity with a maturity period ranged from 1 month to 5 years (2017: 1 month to 5 years).

Terms and conditions of the loan receivable that is significant were disclosed in the Company's announcement dated 16 June 2017.

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

	2018	2017
	HK$'000	*HK$'000*
Within one year	**50,757**	155,033
After one year but within two years	**3,868**	27,412
After two years but within five years	**592**	3,734
	55,217	186,179

23. LOAN AND INTEREST RECEIVABLES (Continued)

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

	2018 *HK$'000*	2017 *HK$'000*
At 1 January	**4,172**	–
(Reversal)/provided for the year	**(4,000)**	4,172
At 31 December	**172**	4,172

Included in the provision for impairment on loan and interest receivables are individually impaired loan and interest receivables with an aggregate balance of approximately HK$172,000 (2017: HK$4,172,000) related to a customer that is in severe financial difficulties.

24. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 *HK$'000*	2017 *HK$'000*
Non-current		
Rental deposits	**6**	223
Deposit paid for acquisition of property, plant and equipment	**–**	1,960
	6	2,183
Current		
Trade receivables	**19,600**	12,642
Prepayments, deposits and other receivables *(Note a)*	**3,498**	11,767
Deposit paid for acquisition of a subsidiary *(Note b)*	**–**	1,000
	3,498	12,767
	23,098	25,409

24. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes:

(a) Included in the balance as at 31 December 2018, there was approximately HK$1,664,000 (2017: HK$1,700,000) due from a non-controlling interest. The amount was interest-free, unsecured and repayable on demand.

Included in the balance as at 31 December 2017, there was approximately HK$940,000 (2018: Nil) due from a close family member of a substantial shareholder of the Company. The amount was interest-free, unsecured and repayable on demand. The amount was settled during the year ended 31 December 2018.

(b) The amount represented refundable intention money paid for acquisition of a subsidiary. The amount was refunded during the year ended 31 December 2018.

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

	2018 ***HK$'000***	2017 *HK$'000*
Within 30 days and neither past due nor impaired	**17,905**	9,997
31 – 60 days	**1,304**	2,645
61 – 90 days	**259**	–
Over 90 days	**132**	–
	19,600	12,642

The Group does not hold any collateral over its trade receivables, deposits and other receivables.

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

Included in the Group's trade receivables balance were receivables of approximately HK$2,645,000 (2018: Nil) that were past due as at 31 December 2017 for which the Group has not provided for impairment loss because there is no recent history of default.

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

	2018 ***HK$'000***	2017 *HK$'000*
1 – 30 days	**1,304**	2,645
31 – 60 days	**259**	–
Over 60 days	**132**	–
	1,695	2,645

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Listed investments		
– Equity securities listed in Hong Kong	**8,338**	77,935
– Funds listed in Hong Kong	**–**	2,364
	8,338	80,299

26. BANK BALANCES AND CASH

Cash at banks carries interest at prevailing market rates for both years.

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

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**5,786**	5,412
Other payables	**1,844**	606
Accruals	**9,918**	9,371
Deposits received	**2,112**	135
	13,874	10,112
	19,660	15,524

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

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

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**5,023**	4,151
31 – 60 days	**727**	1,261
Over 60 days	**36**	–
	5,786	5,412

28. BORROWINGS / PROMISSORY NOTES

	2018 **HK$'000**	2017 HK$'000
Borrowings		
Instalment loans	**12,783**	9,897
Bank overdrafts	**8,880**	5,763
Other borrowing	**10,000**	–
	31,663	15,660
Promissory notes	**67,689**	–

As at 31 December 2018 and 2017, the facility agreements of instalment loans and bank overdrafts contained repayment on demand clauses pursuant to which the banks could at their discretion demand repayment of the entire outstanding balances from the Group in the absence of any defaults. The whole balance is therefore recognised under current liabilities.

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

	2018 **HK$'000**	2017 HK$'000
Within one year	**19,394**	6,169
After one year but within two years	**524**	416
After two years but within five years	**1,648**	1,301
More than five years	**10,097**	7,774
	31,663	15,660

Instalment loans carried interest at the lower of one month HIBOR plus 1.35% or the best lending rate of the bank minus 3.1% per annum as at 31 December 2018 and 2017.

Bank overdrafts carried interest at the best lending rate of the bank minus 2.5% per annum as at 31 December 2018 and 2017.

Other borrowing carried interest at a fixed rate of 6% per annum as at 31 December 2018.

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

	2018 **HK$'000**	2017 HK$'000
Instalment loans	**2.275%**	2.15%
Bank overdrafts	**2.875%**	2.75%
Other borrowing	**6%**	–

28. BORROWINGS / PROMISSORY NOTES (Continued)

As at 31 December 2018, the Group had aggregate banking facilities of approximately HK$27,860,000 (2017: HK$20,000,000). Unused facilities as at the same date amount to approximately HK$5,620,000 (2017: HK$4,237,000). These facilities are secured by:

(a) As at 31 December 2018 and 2017, investment properties with carrying values of approximately HK$26,167,000 (2017: HK$26,846,000) and their respective rental income generated;

(b) As at 31 December 2018, leasehold land and building of approximately HK$11,907,000;

(c) As at 31 December 2018 and 2017, unlimited guarantees from a non-controlling shareholder and director of certain subsidiaries; and

(d) As at 31 December 2018 and 2017, unlimited corporate guarantee from a non-wholly owned subsidiary of the Group.

Other borrowing is secured by the entire issued share capital of Food Idea Capital Limited, an indirect wholly-owned subsidiary of the Company.

2018 Promissory Note A (the “2018 Promissory Note A”)

The Company issued promissory note of HK$62,029,000 bearing interest at 2% per annum on 2 August 2018 to a company owned by the director of a subsidiary of the Company for general working capital purposes. The 2018 Promissory Note A is denominated in Hong Kong dollars with maturity on the second anniversary from the date of issue.

2018 Promissory Note B (the “2018 Promissory Note B”)

The Company issued promissory note of HK$41,800,000 bearing interest at 2% per annum on 2 September 2018 to a company owned by the director of a subsidiary of the Company for general working capital purposes. The 2018 Promissory Note B is denominated in Hong Kong dollars with maturity on the second anniversary from the date of issue.

2017 Promissory note (the “2017 Promissory Note”)

The Company issued promissory note of HK$20,000,000 bearing interest at the Prime Rate from time to time quoted from the HSBC plus 1% per annum on 31 October 2017 for the acquisition of Marvel Miracle. Details of the acquisition of Marvel Miracle are disclosed in Note 20. The 2017 Promissory Note was denominated in Hong Kong dollars with maturity on the secondary anniversary from the date of issue. The 2017 Promissory Note was fully settled during the year ended 31 December 2017.

28. BORROWINGS / PROMISSORY NOTES (Continued)

2016 Promissory note (the "2016 Promissory Note")

The Company issued a promissory note of HK$96,000,000 bearing interest at the Prime Rate from time to time quoted from the HSBC plus 1% per annum on 1 April 2016 regarding the acquisition of Brilliant Forever Limited of which completed on 29 April 2015, details were disclosed in the circular dated on 27 March 2015. The 2016 Promissory Note was denominated in Hong Kong dollars and with maturity on the second anniversary from the date of issue with an early redemption right for the Company. The 2016 Promissory Note was fully settled during the year ended 31 December 2017.

	2018 Promissory Note A	**2018 Promissory Note B**	2017 Promissory Note	2016 Promissory Note	Total
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2017	**–**	**–**	–	77,076	77,076
Issue of the 2017 Promissory Note *(Note 40)*	**–**	**–**	20,000	–	20,000
Interest charge for the year *(Note 10)*	**–**	**–**	104	1,418	1,522
Reclassified as other payables	**–**	**–**	(104)	–	(104)
Settlement during the year	**–**	**–**	(20,000)	(78,494)	(98,494)
At 31 December 2017 and 1 January 2018	**–**	**–**	–	–	–
Issue of the 2018 Promissory Note A and 2018 Promissory Note B	**62,029**	**41,800**	–	–	103,829
Interest charge for the year *(Note 10)*	**440**	**277**	–	–	717
Settlement during the year	**(36,857)**	**–**	–	–	(36,857)
At 31 December 2018	**25,612**	**42,077**	–	–	67,689

29. DEFERRED TAX

The analysis of deferred tax assets (liabilities) is as follows:

	2018	2017
	HK$'000	*HK$'000*
Deferred tax assets	**29**	5,586
Deferred tax liabilities	**–**	(5,557)
	29	29

As at 31 December 2017, deferred tax liabilities of approximately HK$5,557,000 have been presented as an offset to deferred tax asset of the same taxable entity in the consolidated statement of financial position.

29. DEFERRED TAX (Continued)

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior reporting periods:

	Decelerated tax depreciation *HK$'000*	Tax losses *HK$'000*	Total *HK$'000*
Deferred tax assets			
At 1 January 2017	29	878	907
Credited to profit or loss	–	4,679	4,679
At 31 December 2017 and 1 January 2018	**29**	**5,557**	**5,586**
Disposal of subsidiaries *(Note 36(ii))*	**–**	**(223)**	**(223)**
Charged to profit or loss	**–**	**(5,334)**	**(5,334)**
At 31 December 2018	**29**	**–**	**29**

	Accelerated tax depreciation *HK$'000*	Unrealised gain on financial assets at FVTPL *HK$'000*	Total *HK$'000*
Deferred tax liabilities			
At 1 January 2017	(203)	(813)	(1,016)
Charged to profit or loss	(20)	(4,521)	(4,541)
At 31 December 2017 and 1 January 2018	**(223)**	**(5,334)**	**(5,557)**
Disposal of subsidiaries *(Note 36(ii))*	**223**	**–**	**223**
Credited to profit or loss	**–**	**5,334**	**5,334**
At 31 December 2018	**–**	**–**	**–**

Deferred tax assets are recognised for available tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2018, the Group had tax losses carry-forwards and other deductible temporary differences of approximately HK$125,439,000 (2017: HK$120,391,000) and HK$69,503,000 (2017: HK$43,522,000) respectively. Tax losses can be carried forward against future taxable income indefinitely.

29. DEFERRED TAX (Continued)

As at 31 December 2018, the Group did not recognise deferred tax assets in respect of tax losses and deductible temporary differences of approximately HK$125,119,000 (2017: HK$86,710,000) and HK$68,987,000 (2017: HK$43,345,000) respectively due to the unpredictability of future profit stream.

30. SHARE CAPITAL

	Nominal value	Number of shares	Share capital *HK$'000*
Authorised			
Ordinary shares			
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	0.01	10,000,000,000	100,000
Issued and fully paid			
Ordinary shares			
At 1 January 2017	0.01	798,720,000	7,988
Placing of new shares *(Note (i))*	0.01	159,744,000	1,597
Issue of shares under rights issue *(Note (ii))*	0.01	958,464,000	9,584
Issue of shares upon exercise of share options *(Note (iii))*	0.01	190,185,312	1,902
At 31 December 2017 and 1 January 2018	0.01	2,107,113,312	21,071
Issue of shares upon exercise of share options *(Note (iv))*	0.01	20,741,331	208
At 31 December 2018	0.01	2,127,854,643	21,279

30. SHARE CAPITAL (Continued)

Notes:

(i) On 20 December 2016, the Company entered into a private placing agreement with the placing agent for the placing of an aggregate 159,744,000 new ordinary shares of the Company to not less than six independent third parties at a placing price of HK$0.144 per share. The gross proceeds raised amounted to approximately HK$23,003,000 (before transaction costs of approximately HK$77,000) and resulted in the new increase in share capital and share premium of approximately HK$1,597,000 and HK$21,329,000 respectively. The placing was completed on 6 January 2017. Details of the placing were set out in the Company's announcements dated 20 December 2016 and 6 January 2017 respectively.

(ii) On 23 May 2017, 958,464,000 ordinary shares were issued and allotted to the shareholders of the Company on the basis of one rights share for every one ordinary share for consideration of HK$0.14 per share (the "Rights Issue"). The gross proceeds raised amounted to approximately HK$134,185,000 (before transaction costs of approximately HK$1,805,000) and resulted in the net increase in share capital and share premium of approximately HK$9,584,000 and HK$122,796,000 respectively. The Rights Issue was completed on 23 May 2017. Details of the Rights Issue were set out in the Company's announcements dated 28 February 2017, 23 March 2017, 13 April 2017 and 22 May 2017, the circular of the Company dated 25 March 2017 and prospectus of the Company dated 27 April 2017.

(iii) During the year ended 31 December 2017, 17,485,312 (after the Rights Issue adjustment) and 172,700,000 share options had been exercised by holders at exercise prices of HK$0.2284 (after the Rights Issue adjustment) and HK$0.2004 respectively, per option to subscribe for 17,485,312 and 172,700,000 ordinary shares of the Company at a total consideration of approximately HK$3,994,000 and HK$34,609,000 respectively. The total consideration and transfer of share options reserve of approximately HK$11,860,000 were credited to share capital of approximately HK$1,902,000 and share premium of approximately HK$48,561,000. Details of the share options are set out in Note 31.

(iv) During the year ended 31 December 2018, 20,741,331 share options had been exercised by a holder at exercise price of HK$0.183 per option to subscribe for 20,741,331 ordinary shares of the Company at a total consideration of approximately HK$3,796,000. The total consideration and transfer of share options reserve of approximately HK$830,000 were credited to share capital of approximately HK$208,000 and share premium of approximately HK$4,418,000. Details of the share options are set out in Note 31.

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

31. SHARE OPTION SCHEME

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

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

31. SHARE OPTION SCHEME (Continued)

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

The total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue on 9 December 2011 unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. Pursuant to an ordinary resolution passed by the Company's shareholders at an annual general meeting of the Company held on 8 June 2018, the 10% limit under the Share Option Scheme was refreshed (i.e. 212,785,464 ordinary shares).

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

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

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

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

31. SHARE OPTION SCHEME (Continued)

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

As at 31 December 2018, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 63,835,638 representing 3% of the shares of the Company in issue. As at 31 December 2017, there was no outstanding share options under the Share Option Scheme.

Details of the share options granted are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Adjusted exercise price *(Note)*	Closing price of the share immediately before the date of grant
1 September 2016	N/A	1 year from the date of grant	HK$0.2400	HK$0.2284	HK$0.1740
4 July 2017	N/A	1 year from the date of grant	HK$0.2004	N/A	HK$0.2000
23 February 2018	N/A	1 year from the date of grant	HK$0.1830	N/A	HK$0.1820
16 November 2018	N/A	1 year from the date of grant	HK$0.1496	N/A	HK$0.1470
17 December 2018	N/A	1 year from the date of grant	HK$0.0652	N/A	HK$0.0620

Note: As a result of the Rights Issue completed on 23 May 2017, the number of the outstanding share options granted on 1 September 2016 and their respective exercise price had been adjusted. Details of the adjustments were disclosed in the Company's announcement dated 22 May 2017.

31. SHARE OPTION SCHEME (Continued)

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

				Number of share options								
	Date of grant	**Exercise price per option** *HK$*	**Exercise period**	**Balance as at 1 January 2017**	**Adjustment due to the Rights Issue**	**Granted during the year**	**Exercised during the year**	**Balance as at 31 December 2017 and 1 January 2018**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Balance as at 31 December 2018**
Directors and chief executive												
Mr. Yu Ka Ho	1 September 2016	0.2284 (Adjusted)	1 year from the date of grant	320,000	16,256	–	(336,256)	–	–	–	–	–
Employees	1 September 2016	0.2284 (Adjusted)	1 year from the date of grant	320,000	16,256	–	(336,256)	–	–	–	–	–
	4 July 2017	0.2004	1 year from the date of grant	–	–	51,800,000	(51,800,000)	–	–	–	–	–
Individuals in aggregate	1 September 2016	0.2284 (Adjusted)	1 year from the date of grant	16,000,000	812,800	–	(16,812,800)	–	–	–	–	–
	4 July 2017	0.2004	1 year from the date of grant	–	–	120,900,000	(120,900,000)	–	–	–	–	–
	23 February 2018	0.1830	1 year from the date of grant	–	–	–	–	–	20,741,331	(20,741,331)	–	–
	16 November 2018	0.1496	1 year from the date of grant	–	–	–	–	–	21,278,546	–	(21,278,546)	–
	17 December 2018	0.0652	1 year from the date of grant	–	–	–	–	–	63,835,638	–	–	63,835,638
				16,640,000	845,312	172,700,000	(190,185,312)	–	105,855,515	(20,741,331)	(21,278,546)	63,835,638
Exercisable at the end of the period								–				63,835,638
				HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Weighted average exercise price				0.2400	–	0.2004	0.2030	–	0.1053	0.183	0.1496	0.0652

In respect of the share options exercised during the year, the weighted average share price at the date of exercise is HK$0.185 (2017: HK$0.2036) and the weighted average share price at the dates immediately before the exercise is HK$0.183 (2017: HK$0.2009).

During the year ended 31 December 2018, none of the share options were lapsed nor forfeited (2017: Nil).

31. SHARE OPTION SCHEME (Continued)

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

Date of grant	**17 December 2018**	**23 February 2018**	**4 July 2017**
Closing share price at the date of grant	HK$0.063	HK$0.183	HK$0.2000
Exercise price	HK$0.0652	HK$0.183	HK$0.2004
Expected volatility	96%	61%	71%
Expected life	1 year	1 year	1 year
Risk-fee rate	1.9%	0.79%	0.55%
Expected dividend yield	0%	0%	0%
Fair value of the options grant	HK$830,000	HK$1,276,000	HK$10,362,000

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

The Group recognised the total expense of approximately HK$2,106,000 for the year ended 31 December 2018 (2017: HK$10,362,000) in relation to share options granted by the Company.

32. OPERATING LEASE COMMITMENTS

As lessee

The Group leased office premises, warehouses and a vessel under operating lease arrangements. Leases are negotiated for terms ranging from one to three years (2017: one to three years). Rentals were fixed at the inception of the leases.

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

	2018 ***HK$'000***	2017 *HK$'000*
Within one year	**846**	2,253
In the second to fifth years inclusive	**6**	810
	852	3,063

32. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessor

Property rental income earned during the year was HK$642,000 (2017: HK$349,000). The remaining properties are expected to generate rental yields of 2.4% (2017: 2.4%) on an ongoing basis. All of the properties held have committed tenants for the next 2 years (2017: 3 years).

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

	2018	2017
	HK$'000	*HK$'000*
Within one year	**642**	642
In the second to fifth year inclusive	**161**	803
	803	1,445

33. CAPITAL COMMITMENTS

	2018	2017
	HK$'000	*HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**–**	10,080

34. RETIREMENT BENEFIT SCHEME

The Group operates the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the Group is required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 per employee. Contributions to the MPF Scheme vest immediately.

The PRC employees of the subsidiary in the PRC is a member of the pension scheme operated by the PRC local government. The subsidiary is required to contribute a certain percentage of the relevant payroll of the employee to the pension scheme to fund the benefit. The only obligation for the Group with respect of the pension scheme is the required contributions under the pension scheme.

The total expense recognised in profit or loss of approximately HK$1,689,000 (2017: HK$1,321,000) represents contributions payable to these schemes by the Group from continuing operations in respect of the current accounting period at rates specified in the rules of the plans.

35. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties:

(a) Transactions with related parties

The Group had the following significant transactions with the related parties during both years:

	Notes	**2018** **HK$'000**	2017 HK$'000
Rental expenses paid to a substantial shareholder	*i*	**–**	840
Purchase of a motor vehicle from a related company#	*ii*	**–**	500
Disposal of a motor vehicle to a close family member of a substantial shareholder	*ii*	**–**	550
Interest income received from loan to an associate	*iii*	**181**	180
Interest expenses paid to related parties	*iv*	**717***	1,418
Consultancy fee income received from an associate	*v*	**163**	101
Management income received from an associate	*v*	**61**	25
Salaries and post-employment benefits paid to substantial shareholders	*vi*	**159***	690*
Services fee expenses paid to an associate	*vii*	**102**	82
Interest income received from a substantial shareholder	*iii*	**–**	32*
Disposal of certain interest in a joint venture	*viii*	**14,200**	–
Disposal of a subsidiary to the minority shareholder of an associate	*ix*	**1,000**	–
Disposal of certain interest in a subsidiary to a minority shareholder of certain subsidiaries	*ix*	**45**	–

The related company was controlled and beneficially owned by the former Directors.

* These transactions also constituted connected transactions as defined under the GEM Listing Rules.

35. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

Notes:

(i) Rental expenses were charged according to the terms of the rental agreement entered into between the parties.

(ii) The motor vehicles were purchased/disposed of according to the terms of the sales and purchase agreement entered into between the parties.

(iii) Interest income was charged according to the terms of the loan agreement entered into between the parties.

(iv) Interest expenses was charged according to the terms of the promissory notes issued by the Company. Details of which are set out in Note 28.

(v) Consultancy fee income and management income were made on a mutually agreed basis.

(vi) Salaries were charged according to the terms of the employment contracts entered into between the parties.

(vii) Service fee expenses were charged according to the terms entered into between the parties.

(viii) The disposal of certain interest in a joint venture was in accordance with the terms of the sales and purchase agreement. Details of which are set out in Note 20.

(ix) The disposals were in accordance with the terms in sales and purchase agreement.

(b) Other transactions with related parties

Compensation of key management personnel

The remuneration of Directors and other members of key management during the years ended 31 December 2018 and 2017 are as follows:

	2018	2017
	HK$'000	*HK$'000*
Short-term benefits	**2,776**	2,923
Post-employment benefits	**43**	43
Share option expenses	**–**	1,140
	2,819	4,106

35. RELATED PARTY TRANSACTIONS (Continued)

(c) Other transactions with related parties (Continued)

(i) On 3 November 2017, Food Idea Property Limited ("FIP"), a wholly-owned subsidiary of the Company entered into a shareholders' and management agreement with an associate to appoint FIP as the manager of the vessel at nil return.

(ii) On 27 October 2017, the Company entered into a cooperation agreement in relation to the manufacturing and sale and distribution of bottled dessert beverages in the PRC with Lucky Dessert (China). Further details of the agreement were set out in the Company's announcement dated 27 October 2017. As at 31 December 2018, the operation has not yet started.

36. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2018

(i) Food Idea Development Limited ("Food Idea Development")

On 29 June 2018, the Group entered into a sales and purchase agreement with an independent third party in respect of the disposal of the entire issued share capital of Food Idea Development and all the liabilities, obligations and indebtedness due by Food Idea Development to the Group. At the date of disposal, the net assets of Food Idea Development were as follows:

Consideration received:

	HK$'000
Cash received	**3,200**

36. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2018 (Continued)

(i) Food Idea Development (Continued)

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	**3,027**
Prepayment and deposits	**4**
Bank balances	**64**
Net assets disposed of	**3,095**

Gain on disposal of a subsidiary:

	HK$'000
Consideration received	**3,200**
Net assets disposed of	**(3,095)**
Gain on disposal	**105**

Net cash inflow arising on disposal

	HK$'000
Cash consideration	**3,200**
Less: bank balances disposed of	**(64)**
	3,136

Food Idea Development had no material profit or loss and cash flow during the period up to the date of disposal.

36. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2018 (Continued)

(ii) Food Idea (Hong Kong) Limited ("Food Idea HK")

On 29 June 2018, the Group entered into a sales and purchase agreement with an independent third party in respect of the disposal of the entire issued share capital of Food Idea HK and all the liabilities, obligations and indebtedness due by Food Idea HK to the Group. At the date of disposal, the net assets of Food Idea HK were as follows:

Consideration received:

	HK$'000
Cash received	**1,500**

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	**1,292**
Deferred tax assets	**223**
Deferred tax liabilities	**(223)**
Prepayment and deposits	**3**
Bank balances	**44**
Net assets disposed of	**1,339**

Gain on disposal of a subsidiary:

	HK$'000
Consideration received	**1,500**
Net assets disposed of	**(1,339)**
Gain on disposal	**161**

36. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2018 (Continued)

(ii) Food Idea (HK) (Continued)

Net cash inflow arising on disposal

	HK$'000
Cash consideration	**1,500**
Less: bank balances disposed of	**(44)**
	1,456

Food Idea HK had no material profit or loss and cash flow during the period up to the date of disposal.

(iii) Winteam Development Limited ("Winteam Development")

On 27 September 2018, the Group entered into a sales and purchase agreement with a minority shareholder of an associate in respect of the disposal of the entire issued share capital of Winteam Development and all the liabilities, obligations and indebtedness due by Winteam Development to the Group. At the date of disposal, the net assets of Winteam Development were as follows:

Consideration received:

	HK$'000
Cash received	**1,000**

Analysis of assets and liabilities over which control was lost:

	HK$'000
Available-for-sale investments	**1,000**
Prepayment and deposit	**1**
Bank balances	**72**
Other payables and accruals	**(700)**
Net assets disposed of	**373**

36. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2018 (Continued)

(iii) Winteam Development (Continued)

Gain on disposal of a subsidiary:

	HK$'000
Consideration received	**1,000**
Net assets disposed of	**(373)**
Gain on disposal	**627**

Net cash inflow arising on disposal

	HK$'000
Cash consideration	**1,000**
Less: bank balances disposed of	**(72)**
	928

Winteam Development had no material profit or loss and cash flow during the period up to the date of disposal.

(iv) ACE Kinetic Limited ("ACE Kinetic")

On 3 April 2018, the Group disposed of 30% interest in Ace Kinetic to a minority shareholder of certain subsidiaries (10%) and two independent third parties (10% each). The Group's interest in ACE Kinetic was then decreased from 100% to 70%. At the date of disposal, the net liabilities of ACE Kinetic were as follows:

Consideration received:

	HK$'000
Cash received	**135**

36. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2018 (Continued)

(iv) ACE Kinetic (Continued)

Analysis of assets and liabilities:

	HK$'000
Property, plant and equipment	**22**
Prepayment, deposits and other receivables	**160**
Bank balances	**205**
Trade payables	**(35)**
Other payables and accruals	**(197)**
Amounts due to related companies	**(425)**
Net liabilities	**(270)**
30% of net liabilities disposed of	**(81)**

Gain on disposal of a subsidiary:

	HK$'000
Consideration received	**135**
30% net liabilities disposed of	**81**
Gain on disposal	**216**

Net cash inflow arising on disposal

	HK$'000
Cash consideration	**135**

36. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2017

On 22 September 2017, the Group entered into a sales and purchase agreement with a minority shareholder of an associate in respect of the disposal of the entire issued share capital of Blissful Dragon Limited ("Blissful Dragon") and all the liabilities, obligations and indebtedness due by Blissful Dragon to the Group. The assets and liabilities attributable to Blissful Dragon were classified as assets / liabilities held for sale and were presented separately in the consolidated financial statement of financial position as at 31 December 2016. As at the date of disposal, the net assets of Blissful Dragon were as follows:

Consideration received:

	HK$'000
Cash received	10,600

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	5,411
Prepayment and deposits	8
Bank balances	98
Borrowings	(1,354)
Net assets disposed of	4,163

Gain on disposal of a subsidiary:

	HK$'000
Consideration received	10,600
Net assets disposed of	(4,163)
Gain on disposal	6,437

Net cash inflow arising on disposal:

	HK$'000
Cash consideration	10,600
Less: deposit received	(6,000)
Less: bank balances disposed of	(98)
	4,502

Blissful Dragon had no material profit or loss and cash flow during the period up to the date of disposal.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

			Non-cash change	
	1 January 2018	**Financing cash flows**	**Interest expense incurred**	**31 December 2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings (excluding bank overdrafts) *(Note 28)*	9,897	12,886	–	22,783
Promissory notes *(Note 28)*	–	66,972	717	67,689
	9,897	79,858	717	90,472

			Non-cash changes				
	1 January 2017	**Financing cash flows**	**Interest expense incurred**	**Reclassified as other payables**	**Interests in joint ventures**	**Disposal of a subsidiary**	**31 December 2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings included in liabilities associated with assets classified as held for sale	1,574	(220)	–	–	–	(1,354)	–
Borrowings (excluding bank overdrafts) *(Note 28)*	3,078	6,819	–	–	–	–	9,897
Promissory notes *(Note 28)*	77,076	(98,494)	1,522	(104)	20,000	–	–
	81,728	(91,895)	1,522	(104)	20,000	(1,354)	9,897

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTE	2018 HK$'000	2017 HK$'000
Non-current assets			
Investment in subsidiaries		**10**	–
Property, plant and equipment		**12**	17
		22	17
Current assets			
Prepayments, deposits and other receivables		**182**	8,988
Amounts due from subsidiaries		**374,678**	397,457
Bank balances and cash		**139**	7,971
		374,999	414,416
Current liability			
Other payables and accruals		**1,726**	1,270
Net current assets		**373,273**	413,146
Total assets less current liability		**373,295**	413,163
Non-current liability			
Promissory notes	*28*	**67,689**	–
		305,606	413,163
Capital and reserves			
Share capital		**21,279**	21,071
Reserves *(Note)*		**284,327**	392,092
		305,606	413,163

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: Reserves

	Share premium *HK$'000*	Share options reserve *HK$'000*	Capital reserve *HK$'000* *(Note)*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2017	420,936	1,498	12,706	(217,941)	217,199
Loss and other comprehensive expenses for the year	–	–	–	(16,295)	(16,295)
Recognition of equity-settled share based payments *(Note 31)*	–	10,362	–	–	10,362
Issue of new shares *(Note 30)*	146,007	–	–	–	146,007
Issue of shares upon exercise of share options *(Note 30)*	48,561	(11,860)	–	–	36,701
Transaction costs attribute to the issue of new shares *(Note 30)*	(1,882)	–	–	–	(1,882)
At 31 December 2017 and 1 January 2018	**613,622**	**–**	**12,706**	**(234,236)**	**392,092**
Loss and other comprehensive expenses for the year	**–**	**–**	**–**	**(113,459)**	**(113,459)**
Recognition of equity-settled share based payments *(Note 31)*	**–**	**2,106**	**–**	**–**	**2,106**
Issue of shares upon exercise of share options *(Note 30)*	**4,418**	**(830)**	**–**	**–**	**3,588**
At 31 December 2018	**618,040**	**1,276**	**12,706**	**(347,695)**	**284,327**

Note: The capital reserve represents the difference between the nominal value of the shares issued for the acquisition of equity interests in the subsidiaries as part of re-organisation and the consolidated equity of the subsidiaries acquired by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Group as at 31 December 2018 and 2017 are as follows:

Name of subsidiary	Place of incorporation / registration and operation	Issued and fully paid up ordinary share capital	Percentage of ownership interest attributable to the Company				Proportion of voting power held by the Company		Principal activities
			2018		2017		2018	2017	
			Direct	Indirect	Direct	Indirect			
Food Idea Group Limited	BVI	US$1	**100%**	**–**	100%	–	**100%**	100%	Investment holding
Food Idea Food Trading Limited	Hong Kong	HK$1	**–**	**100%**	–	100%	**100%**	100%	Securities investment
Happy Credit Limited	Hong Kong	HK$1	**100%**	**–**	100%	–	**100%**	100%	Money lending
Lucky Great Investment Limited ("Lucky Great")	Hong Kong	HK$3,750,000	**–**	**83%**	–	83%	**100%**	100%	Investment holding
Nicecity Limited ("Nicecity") *(Note i)*	Hong Kong	HK$50,000	**–**	**48%**	–	48%	**60%**	60%	Production, sales and distribution of food products
Excellent Catering Management Limited ("Excellent Catering") *(Note i)*	Hong Kong	HK$10,000	**–**	**48%**	–	48%	**60%**	60%	Production, sales and distribution of food products
ACE Kinetic Limited	Hong Kong	HK$10,000	**–**	**70%**	–	100%	**100%**	100%	Sales and distribution of food products
Food Idea Wine Limited	Hong Kong	HK$10,000	**100%**	**–**	–	–	**100%**	–	Sales and distribution of wine products
Brilliant Forever Limited	BVI	US$1	**–**	**100%**	–	100%	**100%**	100%	Investment holding

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Particulars of the principal subsidiaries of the Group as at 31 December 2018 and 2017 are as follows: (Continued)

Name of subsidiary	Place of incorporation / registration and operation	Issued and fully paid up ordinary share capital	Percentage of ownership interest attributable to the Company				Proportion of voting power held by the Company		Principal activities
			2018		2017		2018	2017	
			Direct	Indirect	Direct	Indirect			
Lucky Dessert Singapore Pte. Ltd.	Singapore	Singapore Dollar 100	**–**	**51%**	–	51%	**67%**	67%	Investment holding and exclusive rights holding
Eternity Rise Investments Limited	Hong Kong	HK$10,000	**–**	**100%**	–	100%	**100%**	100%	Property holding
Eternity Rise Property Limited	Hong Kong	HK$10,000	**–**	**100%**	–	100%	**100%**	100%	Property holding
Food Idea Capital Limited	Hong Kong	HK$10,000	**–**	**100%**	–	100%	**100%**	100%	Property holding
Tong Chao Development Limited ("Tong Chao")	Hong Kong	HK$1,000	**–**	**68%**	–	68%	**67%**	67%	Investment holding
CF Food and Beverage Limited ("CF F&B") *(Note ii)*	Hong Kong	HK$10,000	**–**	**34%**	–	34%	**67%**	67%	Sales and distribution of food products
Winteam Development Limited	Hong Kong	HK$1	**–**	**–**	–	100%	**–**	100%	Investment holding
Food Idea (Hong Kong) Limited	Hong Kong	HK$1	**–**	**–**	–	100%	**–**	100%	Securities investment

All subsidiaries are companies incorporated with limited liability in the respective places.

Notes:

(i) Nicecity and Excellent Catering are owned as to 58% by Lucky Great, a 83% owned subsidiary of the Group. The Group can exercise control over Nicecity and Excellent Catering via its control over Lucky Great.

(ii) CF F&B is owned as to 50% by Tong Chao, a 68% owned subsidiary of the Group. The Group can exercise control over CF F&B as the Group has appointed two out of three directors of CF F&B.

None of the subsidiaries had issued any debt securities subsisting at the end of both years or at any time during both years.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

At the end of the reporting period, the Group has other subsidiaries that are not individually material to the Group. The principal activities and principal place of business of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2018	2017
Investment holding	Hong Kong	**5**	6
Inactive	PRC	**1**	1
		6	7

None of the subsidiaries have non-controlling interests that are material to the Group.

40. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2017, the Group acquired 30% equity interest in Marvel Miracle at a consideration HK$23,000,000 of which HK$20,000,000 was satisfied by promissory note issued by the Company, details are disclosed in Notes 20 and 28.

41. EVENT AFTER THE END OF THE REPORTING PERIOD

(i) On 11 January 2019, 148,949,822 share options were granted to certain eligible participants under the Share Option Scheme with an exercise price of HK$0.042 per option and the validity period of one year from the date of grant. The fair value of share option expense will be charged to profit and loss and the corresponding amount will be credited to share option reserve. Details of which are set out in the Company's announcement dated 11 January 2019.

(ii) On 22 October 2018, the Group entered into a sale and purchase agreement with an independent third party for the acquisition of 100% of issued share capital of Palinda Holding Group Limited and its wholly owned subsidiary (collectively "Palinda Group"), a wine products trading group. Details of the acquisition were set out in the Company's announcements dated 22 October 2018, 30 November 2018, 11 December 2018 and 22 January 2019 and the circular of the Company dated 13 December 2018.

PARTICULARS OF INVESTMENT PROPERTIES

Location	Effective % held	Category of lease	Type	Total gross floor area *(sq.f.)*
Unit E, 12th Floor CNT Tower 338 Hennessy Road Wan Chai Hong Kong	100	Long	Commercial	956
Unit F, 12th Floor CNT Tower 338 Hennessy Road Wan Chai Hong Kong	100	Long	Commercial	1,477

SUMMARY OF FINANCIAL INFORMATION

RESULTS	Year ended 31 December				
	2018	2017	2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**184,834**	111,148	286,068	465,652	464,924
(Loss) profit before tax	**(100,335)**	(79,470)	(371,671)	118,397	100,798
Income tax (expenses) credit	**–**	(131)	39,241	(28,092)	(20,160)
(Loss) profit for the year	**(100,335)**	(79,601)	(332,430)	90,305	80,638

ASSETS AND LIABILITIES	As at 31 December				
	2018	2017	2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	**383,102**	312,218	260,411	633,494	208,975
Non-current assets	**83,343**	162,517	159,531	221,689	76,944
Total assets	**466,445**	474,735	419,942	855,183	285,919
Current liabilities	**51,369**	31,209	27,648	90,456	61,376
Non-current liabilities	**67,689**	–	77,214	138,328	18,765
Total liabilities	**119,058**	31,209	104,862	228,784	80,141
Net assets	**347,387**	443,526	315,080	626,399	205,778
Equity attributable to owners of the Company	**348,995**	442,085	313,460	623,962	204,611
Non-controlling interests	**(1,608)**	1,441	1,620	2,437	1,167
	347,387	443,526	315,080	626,399	205,778