ANNUAL REPORT
2019

新煮意控股有限公司
Food Idea Holdings Limited

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

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

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CORPORATE INFORMATION

Board of Directors

Executive Directors
Ms. Huang Wei *(Chairlady)*
(appointed on 12 August 2019 and appointed as chairlady on 30 September 2019)
Mr. Dou Sheng
(appointed on 24 October 2019)
Mr. Wong Hoi Yu
(resigned on 30 September 2019)
Mr. Yu Ka Ho
(resigned on 24 October 2019)

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

Compliance Officer

Ms. Huang Wei
(appointed on 24 October 2019)
Mr. Yu Ka Ho
(resigned on 24 October 2019)

Authorised Representatives

Ms. Huang Wei
(appointed on 24 October 2019)
Mr. Chung Man Wai, Stephen
Mr. Yu Ka Ho
(resigned on 24 October 2019)

Company Secretary

Mr. Chung Man Wai, Stephen

Audit Committee Members

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

Remuneration Committee Members

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

Nomination Committee Members

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

CORPORATE INFORMATION

Auditor

Elite Partners CPA Limited
Certified Public Accountants

Principal Bankers

Industrial and Commercial Bank of
China (Asia) Limited
Shanghai Commercial Bank 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

CHAIRLADY'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 2019 (the "Year").

MONEY LENDING BUSINESS

Pursuant to our record, the aggregate loans offered was of approximately HK$560.75 million and HK$585.07 million as at 31 December 2018 and as at 31 December 2019 respectively, representing an increase of approximately 4%. 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 60 (2018: over 80) concessionaire stores in major supermarket chains in Hong Kong, which have new outlets from time to time.

The food products operation recognised a decrement in segment revenue of approximately 4% to HK$119.06 million for the Year, compared with approximately HK$124.66 million for the year ended 31 December 2018 (the "Last Year"). The decrease of revenue due to decrease in number of concessionaire stores and the rise in food cost, staff cost and other operating cost. As a result, the segment loss increases to approximately HK$2.67 million for the Year compare with approximately HK$1.30 million for the Last Year.

SECURITIES INVESTMENT BUSINESS

As at 31 December 2019, the Group adopt a prudent approach in identifying opportunities in investment includes various equity securities and funds listed in Hong Kong.

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 evaluated the prospect of certain investments and made investment decisions to maximise the investment return. As a result, the Group recorded a gain on disposal of financial assets at fair value through profit or loss ("FVTPL") of approximately HK$7.77 million for the Year. We will continue to monitor the existing positions closely to maximise the return prospect for our investments.

CHAIRLADY'S STATEMENT

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 Lucky Dessert Group of approximately HK$28.60 million for the Year in this sector.

WINE BUSINESS

Wine industry in Hong Kong has been developed for years. With the help of the removal of all wine duties by the Hong Kong government in 2008 and the support of a significant pool of experienced wine merchants with good wine knowledge and international trade experience, Hong Kong has further developed into a wine trading and distribution centre for the region. According to the Hong Kong Trade Development Council Research Report on 17 September 2019, which provided statistical data for the previous year of 2018, and data from statista, wine sales in Hong Kong amounted to United States Dollars 646 million or 33.7 million liters in 2018, up 6.1% and 2.4%, respectively, per annum in the past five years. For 2019 to 2023, it is forecasted to grow 4.4% per annum in value terms and 1.6% per annum in volume terms.

For the Year, the wine business operation has recorded revenue and achieved positive results of approximately HK$109.74 million with a segment profit of approximately HK$10.27 million compare with approximately HK$52.91 million and approximately HK$3.04 million respectively for the Last Year.

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 business can provide synergy with the existing Group's distribution and catering business. In the meantime, The Board will openly and actively seek for 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.

CHAIRLADY'S STATEMENT

PROSPECTS

Since the beginning of January 2020, the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") has adversely affected to the global business environment especially in Hong Kong and Mainland China. The outlook remains uncertain and the Board will continue to monitor the situation closely and react to its impact on the financial position and operating results of the Group.

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.

Huang Wei
Chairlady

Hong Kong, 25 March 2020

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

Ms. Huang Wei (黃巍女士), aged 52, was appointed as an executive Director on 12 August 2019, as an authorised representative and a compliance officer of the Company on 24 October 2019 and as a chairlady on 30 September 2019. Ms. Huang obtained a Bachelor of Business (Accounting) degree from Central Queensland University in 1997. Ms. Huang has over 20 years of experience in financial management aspects. She is also a director of certain subsidiaries of the Group and is responsible for overall management and strategic planning of the Group.

Mr. Dou Sheng (竇勝先生), aged 40, was appointed as an executive Director on 24 October 2019. He obtained a Bachelor degree in Material Science and Engineering from the Henan University of Science and Technology* (河南科技大學) in 2002. He has over 10 years of experience in sales distribution and marketing in China. He is also a director of certain subsidiaries of the Group and is responsible for business development and marketing of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Lap Keung (李立强先生), aged 37, 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, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6093). 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 51, 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.

* *For identification purpose only*

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Dr. Wu Wing Kuen, *B.B.S.*（胡永權博士，*B.B.S.*）, aged 63, 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 been serving as independent non-executive director of the Hong Guang Lighting Holdings Company Limited (stock code: 8343), the shares of which are listed on the GEM of the Stock Exchange. 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 41, was appointed as an authorised representative and a 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 business.

Food products operation

The revenue of food products operation had a decrement from approximately HK$124.66 million for the Last Year to approximately HK$119.06 million for the Year.

The revenue of the food products operation recorded a decrease of approximately 4% for the Year, primarily due to the decrease in the number of concessionaire stores and rise in the food cost, staff cost and other operating costs. As a result, the segment loss increases to approximately HK$2.67 million for the Year compare with approximately HK$1.30 million for the Last Year.

Securities Investment Business

As at 31 December 2019, the Group had a portfolio of securities investment of approximately HK$ Nil (2018: HK$8.34 million). During the Year, the Group recorded an unrealised loss of approximately HK$5.18 million (2018: unrealised gain of approximately HK$5.26 million) and a net realised gain of approximately HK$7.77 million (2018: net realised loss of approximately HK$49.86 million) from its entire securities investment.

Money Lending Business

The Group's money lending business was strinked during the year. It generated interest income of approximately HK$1.89 million (2018: HK$7.23 million). The Group recorded a decrease in segment profit to approximately HK$1.65 million (2018: HK$10.35 million).

As at 31 December 2019, an aggregate loan of approximately HK$585.07 million (31 December 2018: HK$560.75 million) with effective interest rate ranging from 3% to 36% per annum (31 December 2018: 3% to 36% per annum) had been built up by the Group. As at 31 December 2019, the outstanding loan receivables of the Group amounted to approximately HK$2.04 million (31 December 2018: HK$54.06 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.

As a result of the abovementioned factors, the Group recognised a share of loss of Lucky Dessert Group of approximately HK$28.60 million (2018: HK$19.19 million) for the Year, of which approximately HK$24.81 million (2018: HK$14.54 million) and HK$4.63 million (2018: HK$4.48 million) represented the impairment and amortisation of the trademarks licensing rights, after netting off against the corresponding deferred tax credit of approximately HK$9.81 million (2018: HK$6.34 million) in aggregate.

As at 31 December 2019, the Lucky Dessert Group had nine (2018: six) dessert catering restaurants which were operated by local business partners in Shanghai, Haikou, Wuxi and Shenzhen. The management will continue to look for potential local partners for developing the restaurant network.

Wine Business

Wine industry in Hong Kong has been developed for years. With the help of the removal of all wine duties by the Hong Kong government in 2008 and the support of a significant pool of experienced wine merchants with good wine knowledge and international trade experience, Hong Kong has further developed into a wine trading and distribution centre for the region. According to the Hong Kong Trade Development Council Research Report on 17 September 2019, which provided statistical data for the previous year of 2018, and data from statista, wine sales in Hong Kong amounted to United States Dollars 646 million or 33.7 million liters in 2018, up 6.1% and 2.4%, respectively, per annum in the past five years. For 2019 to 2023, it is forecasted to grow 4.4% per annum in value terms and 1.6% per annum in volume terms.

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

The Group completed the acquisition of Palinda Holding Group Limited and its wholly owned subsidiary, Palinda Wines (H.K.) Limited ("Palinda HK") (collectively referred to as the "Palinda Group") on 22 January 2019. The Palinda Group is principally engaged in trading of wine products in Hong Kong. The acquisition can further strengthen its sales capability in wine business with an aim to take advantage of the steady growth of the wine industry. Pursuant to the sale and purchase agreement of acquisition of Palinda Group, the vendor has irrevocably and unconditionally guaranteed to the purchaser that the audited net profit after tax of Palinda HK for the year ended 31 March 2019 as shown on its audited financial statements is not less than HK$10 million (the "Guaranteed Profit"). The Guaranteed Profit has been achieved for the year ended 31 March 2019 in accordance with the audited financial statements of Palinda HK.

On 4 October 2019, the Group entered into a sale and purchase agreement with an independent third party for the acquisition 100% of issued share capital of Win Everest Holdings Limited and its wholly owned subsidiary (collectively referred to as the "Win Everest Group") which engaged in supply of self-cultivated grapes for winery business and has a vineyard located in Margaret River region in Australia. Details of the acquisition were set out in the Company's announcements dated 4 October 2019, 29 November 2019 and 3 January 2020 and the circular of the Company dated 5 December 2019.

The Group's wine are mainly from various reputable vineyards and wineries from Australia, with a focus on the red wine as the major product. During the Year, the wine business operation has recorded revenue and achieved positive results of approximately HK$109.74 million with a segment profit of approximately HK$10.27 million compare with approximately HK$52.91 million and approximately HK$3.04 million respectively for the Last Year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the Year, the Group's revenue amounted to approximately HK$230.69 million which was approximately 25% higher than that of the Last Year. The increment was mainly due to the rise in revenue from wine business, generating revenue of approximately HK$109.74 million for the Year (2018: approximately HK$52.91 million).

Loss attributable to the owners of the Company was approximately HK$53.42 million for the Year, an improved loss as compared to the loss of approximately HK$97.37 million for the Last Year. Such loss was improved mainly attributable to (i) the net realised gain from financial assets at FVTPL to approximately HK$7.77 million (2018: net realised loss approximately HK$49.86 million); (ii) increase in segment profit from wine business to approximately HK$10.27 million (2018: approximately HK$3.04 million); (iii) the decrease in commission expenses to supermarket chains for concessionaire stores to approximately HK$23.69 million (2018: approximately HK$26.44 million); (iv) none to share of loss of joint ventures (2018: approximately HK$3.84 million) and impairment loss on amounts due from joint ventures to approximately HK$0.03 million (2018: approximately HK$10.43 million); and (v) none of written off property plant and equipment (2018: approximately HK$6.19 million). However, the impact was also counteracted by (i) the net unrealised loss from financial assets at FVTPL to approximately HK$5.36 million (2018: net unrealised gain approximately HK$5.26 million); (ii) the increase in the share of loss of associates to approximately HK$32.36 million (2018: approximately HK$19.19 million); (iii) the increase in loss on early redemption of promissory notes to approximately HK$4.91 million (2018: Nil); (iv) the increase in impairment loss on goodwill to approximately HK$9.98 million (2018: HK$1.31 million) and (v) the increase in finance cost to approximately HK$8.30 million (2018: approximately HK$1.31 million).

The cost of inventories consumed for the Year amounted to approximately HK$51.69 million (2018: HK$53.67 million) which was approximately 4% lower than that of the Last Year. The cost of inventories consumed in food products operation was approximately 43% (2018: 43%) of the Group's revenue on food products operation for the Year. The cost of sales in wine business for the Year amounted to approximately HK$90.25 million (2018: HK$48.62 million). The cost of sales in wine business was approximately 82% (2018: 92%) of the Group's revenue on wine business 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 business in the future.

Employee benefits expenses for the Year amounted to approximately HK$44.34 million (2018: HK$45.58 million). The decrease was mainly due to decrease in number of concessionaire stores in food products operation which was counteracted by the new recruitment for developing the Group's wine business, 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 businesses and broaden its source of income.

In view of the positive results in wine business segment for the Year and the prospect of the wine industry in Hong Kong, the development of the wine business 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 business with an aim to take advantage of the steady growth in the wine business 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 business segment. The Group is in the view that it may benefit the development of the existing wine business by expanding the customer base, addition to wine supply channels and acquisition of staff with relevant skill sets and connections in the wine business 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 monitor the credit risk, economic risk and industry risk with most balanced risk and return potential in 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.

Since the beginning of January 2020, COVID-19 outbreak has adversely affected to the global business environment especially in Hong Kong and Mainland China. The outlook remains uncertain and the Management will continue to monitor the situation closely. Depending on the duration of the disruption caused by COVID-19 outbreak, the results could be adversely affected by lower revenue and economic slowdown. The management will keep continuous attention on the situation of the COVID-19 outbreak and react actively to its impact on the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 December 2019, the share capital and equity attributable to owners of the Company amounted to approximately HK$41,493,000 and HK$360,318,000 respectively (2018: HK$21,279,000 and HK$348,995,000 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 2019, the carrying amount of the Group's unpledged bank balances and cash was approximately HK$4,079,000 (2018: HK$7,222,000), representing a decrease of approximately 44% as compared to that as at 31 December 2018. 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 prior to share consolidation was completed and effective on 2 September 2019:

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

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

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

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

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

Fund raising activity of the Group during the past twelve months

Date of announcement	Fund raising activity	Net proceeds to be raised (approximately)	Proposed use of net proceeds	Actual use of net proceeds
11 June 2019 (completed on 21 August 2019)	Rights issue on the basis of one rights share for every two shares held on the record date at HK$0.0248 per rights share	HK$33.2 million	(i) approximately HK$30.12 million for repayment of promissory note(s) of the Company; (ii) approximately HK$3.08 million for the Group's general working capital purpose.	Used as intended

Save for the fund raising activity disclosed above, the Company had not conducted any fund raising activities in the past 12 months immediately preceding the date of this annual report.

Borrowings and charges on the Group's assets

Details of borrowings and charges on the Group's assets as at 31 December 2019 are set out in Note 28 to the consolidated financial statements.

Gearing ratio

Gearing ratio is calculated as net debt (borrowings, promissory notes and lease liabilities less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interest). As at 31 December 2019, the gearing ratio was approximately 20% (2018: 21%).

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, acquisition of subsidiaries, disposal of subsidiaries and event after the end of the reporting period disclosed in Notes 20, 21, 36, 37, and 42 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 2019.

CONTINGENT LIABILITIES

Save as disclosed elsewhere in this annual report, the Group had no material contingent liabilities as at 31 December 2019 (2018: Nil).

CAPITAL COMMITMENTS

None of capital commitments of the Group as at 31 December 2019 and 2018.

EMPLOYEES AND EMOLUMENT POLICIES

The Group had over 220 employees (including Directors) as at 31 December 2019 (2018: 250). 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 32 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 40 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 business.

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 47 to 172.

During the Year, no interim dividend (2018: 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 (2018: 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 "Chairlady's Statement" and "Management Discussion and Analysis" set out on pages 5 to 7 and pages 10 to 16 respectively.

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 this annual report, the following are the most significant risks identified as at 31 December 2019. 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:

COVID-19 OUTBREAK

Since the beginning of January 2020, the COVID-19 outbreak has adversely affected to the global business environment especially in Hong Kong and Mainland China. The outlook remains uncertain and it is difficult to estimate how long the disruption caused by COVID-19 outbreak which would adversely affect the Group's businesses, financial condition and results of operations.

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 2019, we operated over 60 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. One of the supermarket chains discontinued the concessionaire store agreement with the Group subsequent to the Year and up to the date of this annual report.

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 BUSINESS

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 industry

Due to zero import custom policy in 2008 and the promotion of the Government of the HKSAR, it reduces the cost to enter the wine business 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 affect 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.

DIRECTORS' REPORT

ANNUAL GENERAL MEETING

A circular containing the details of 2020 AGM and the notice of 2020 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 39 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2019 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$251,337,000 (2018: HK$283,051,000). 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.

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 174 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 31 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.

DIRECTORS' REPORT

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	
	2019	2018
The largest supplier	**54%**	6%
Five largest suppliers in aggregate	**78%**	66%

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

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

Executive Directors

Ms. Huang Wei *(chairlady)*
(appointed on 12 August 2019 and appointed as chairlady on 30 September 2019)
Mr. Dou Sheng (appointed on 24 October 2019)
Mr. Wong Hoi Yu (resigned on 30 September 2019)
Mr. Yu Ka Ho (resigned on 24 October 2019)

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. Kwan Wai Yin, William (resigned on 16 January 2019)
Mr. Tam Lok Hang (resigned on 22 February 2019)
Mr. Chu Sin Bun Jacky (resigned on 22 February 2019)

Pursuant to article 84 of the Articles of Association, Dr. Wu Wing Kuen, *B.B.S* and. Mr. Li Lap Keung shall retire from office as executive Directors by rotation at the 2020 AGM and, being eligible, offer themselves for re-election at the 2020 AGM.

DIRECTORS' REPORT

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

Ms. Huang Wei, the executive Director, has entered into a service agreement with the Company for a term of three years with effect from the date of appointment on 12 August 2019. 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 three month's written notice of non-renewal before the expiry of the then existing term.

Mr. Dou Sheng, the executive Director, has entered into a service agreement with the Company for a term of three years with effect from the date of appointment 24 October 2019. 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 three month's written notice of non-renewal before the expiry of the then existing term.

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	1

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

MANAGEMENT CONTRACTS

As at 31 December 2019, 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 32 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 32 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 2019.

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. 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;

(ii) 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;

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

(iv) Mr. Tam Lok Hang has 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) 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;

(vi) 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;

(vii) Ms. Huang Wei has been appointed as an executive Director on 12 August 2019. She has been appointed as compliance office and authorised representative of the Company on 24 October 2019 and she has been appointed as chairlady of the Company on 30 September 2019;

(viii) Mr. Yu Ka Ho has resigned from his office as an executive Director, chief executive officer ("CEO"), compliance officer and authorised representative of the Company on 24 October 2019; and

(ix) Mr. Wong Hoi Yu has resigned from his office as an executive Director and the chairman of the Company on 30 September 2019;

(x) Mr. Dou Sheng has been appointed as an executive Director on 24 October 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' 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 2019, 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
Ms. Huang Wei	Beneficial owner	63,835,200	15.38%

Saved as disclosed above, as at 31 December 2019, 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 2019, 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	25,486,320	6.14%
KMW Investments Limited ("KMW") *(Note)*	Beneficial owner	25,486,320	6.14%
Li Siu Ying	Beneficial owner	22,557,600	5.44%

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 2019, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations" above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who 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.

Save as disclosed in the section headed "Continuing Connected Transactions" of this annual report, none of the related party transactions constitute a connected transaction (as defined in the GEM Listing Rules) that is required to be disclosed.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain agreements with the Company's connected persons (as defined under Chapter 20 of the GEM Listing Rules) constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are disclosed in Note 35 and fully exempted under 20.71(1) of the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in Note 42 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 2019 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 2019, the Audit Committee consists of three independent non-executive Directors, namely Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.*. Mr. Li Lap Keung was the chairman of the Audit Committee. During the Year, (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.

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 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 ended 31 December 2018 and 2019 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 2020 AGM.

By order of the Board
Food Idea Holdings Limited

Huang Wei
Chairlady and executive Director

Hong Kong, 25 March 2020

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 except.

Under the code provision A2.1 of the CG Code, the role of chairman and chief executive ("CEO") should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established.

Subsequent to the resignation of former CEO, the post has been vacant as at 31 December 2019, the Board will keep reviewing the current structure of the Board from time to time and the Company will make appointment with suitable knowledge, skill and experience to fill the post of the CEO as appropriate.

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 Ms. Huang Wei (Chairlady) and Mr. Dou Sheng and three are independent non-executive Directors namely Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.*. 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.

CHAIRLADY AND CEO

The roles of the Chairlady and CEO should be separated and should not be performed by the same individual to ensure their respective independence, accountability and responsibility. The Chairlady 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 Chairlady and CEO of the Company which provides a balance of power and authority.

Subsequent to the resignation of former CEO, the post has been vacant as at 31 December 2019, the Board will keep reviewing the current structure of the Board from time to time and the Company will make appointment with suitable knowledge, skill and experience to fill the post of the CEO as appropriate.

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. 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	
Ms. Huang Wei (appointed on 12 August 2019)	✓
Mr. Dou Sheng (appointed on 24 October 2019)	✓
Mr. Wong Hoi Yu (resigned on 30 September 2019)	N/A
Mr. Yu Ka Ho (resigned on 24 October 2019)	N/A
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)	N/A
Mr. Tam Lok Hang (resigned on 22 February 2019)	N/A
Mr. Chu Sin Bun Jacky (resigned on 22 February 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, 21 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**	**EGM**
Executive Directors						
Ms. Huang Wei (appointed on 12 August 2019)	6/6	–	–	–	–	1/2
Mr. Dou Sheng (appointed on 24 October 2019)	3/3	–	–	–	–	1/1
Mr. Wong Hoi Yu (resigned on 30 September 2019)	16/16	–	–	–	1/1	3/3
Mr. Yu Ka Ho (resigned on 24 October 2019)	18/18	–	–	–	1/1	3/3
Independent non-executive Directors						
Mr. Li Lap Keung (appointed on 22 February 2019)	17/17	4/4	3/3	3/3	1/1	2/2
Mr. So Yat Chuen (appointed on 22 February 2019)	17/17	4/4	3/3	3/3	1/1	2/2
Dr. Wu Wing Kuen *B.B.S.* (appointed on 16 January 2019)	19/19	4/4	4/4	4/4	1/1	0/2
Mr. Kwan Wai Yin, William (resigned on 16 January 2019)	2/2	–	2/2	1/1	–	1/1
Mr. Tam Lok Hang (resigned on 22 February 2019)	4/4	–	2/3	1/2	–	1/1
Mr. Chu Sin Bun Jacky (resigned on 22 February 2019)	4/4	–	3/3	2/2	–	1/1

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 2019, the Audit Committee consists of three independent non-executive Directors, namely Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.*. Mr. Li Lap Keung was the chairman of the Audit Committee. During the Year, (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. During the Year, 4 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.

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 2019, the Remuneration Committee consists of three independent non-executive Directors, namely Mr. Mr. Li Lap Keung, Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.*. Mr. So Yat Chuen 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, (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. During the Year, 6 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.

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 2019, the Nomination Committee consists of three independent non-executive Directors, namely Mr. Li Lap Keung, Mr. Tam Lok Hang Mr. So Yat Chuen and Dr. Wu Wing Kuen, *B.B.S.* Mr. So Yat Chuen was the chairman of the Nomination Committee. During the Year, (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. During the Year, 5 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.

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	850,000
Non-audit services:	
Other services	925,000
Total	1,775,000

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.

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 2019 AGM was held on 17 May 2019 and 3 EGMs were held on 3 January 2019, 29 August 2019 and 20 December 2019. Save as the attendance of the Board disclosed under the paragraph headed “Number of Meetings and Attendance Records” above, the auditor also attended the 2019 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

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 (collectively referred to as the "Group") set out on pages 47 to 172, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, 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.

Key audit matter	How the matter was addressed in our audit

Business combinations and Impairment assessment of goodwill
Refer to notes 18 and 36 to the consolidated financial statements and the accounting policies on pages 61 and 63.

During the year, the Group acquired Palinda Holding Group Limited, Irving Global Limited and Happy Profit Global Limited, companies incorporated in the British Virgin Islands with limited liability, together with their respective subsidiaries. The Group recognised goodwill of approximately HK$37,172,000 as at their respective dates of acquisition.

These acquisitions require the identification of assets acquired and the liabilities assumed and the consideration measured at fair value as at their respective dates of acquisition, which require significant management's judgements.

For the purpose of assessing impairment of goodwill, recoverable amount of cash-generating units ("CGUs") has been determined by the management based on calculations of value in use of the CGUs to which goodwill have been allocated, using financial data with reference to the management's expectations for the market development, with key assumptions and estimates such as growth rates and discount rates, which involve the exercise of significant management's judgements.

Independent external valuations were obtained in order to support the management's estimates.

Based on the management's assessment, impairment loss on goodwill of approximately HK$9,980,000 was recognised in profit or loss for the year ended 31 December 2019.

Our procedures in relation to the management's accounting for business combinations and the appropriateness of the impairment assessment of goodwill included:

- Checking the arithmetical accuracy of the calculations underlying the purchase price allocations;
- Discussing with management on their planned strategies around business expansion, revenue stream, growth strategies and cost initiatives;
- Understanding the Group's impairment assessment process, including the methodologies used, CGUs allocation and assumptions used;
- Evaluating the appropriateness of the methodologies used and the key assumptions made by the management, including growth rates, profit margin and expected changes in capital expenditure with reference to current market circumstances;
- Testing the appropriateness of key inputs applied by the management in preparing the cash flow forecasts against historical performance, including revenue, cost of sales and operating expenses, with reference to the future strategic plans of the Group in respect of these CGUs; and
- Checking, on a sampling basis, the accuracy and relevance of the input data used.

Based on the above, we found that the estimation and judgements made by management were supportable by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 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 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 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 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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.

- 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 a 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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
25 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue	7	**230,692**	184,834
Other income	8	**1,195**	1,102
Cost of inventories consumed		**(51,689)**	(53,669)
Cost of sales		**(90,245)**	(48,620)
Employee benefits expenses	9	**(44,338)**	(45,579)
Other losses, net	9	**(12,940)**	(13,171)
Gain (loss) on disposal of financial assets at fair value through profit or loss, net		**7,771**	(49,864)
(Loss) gain on fair value of financial assets at fair value through profit or loss, net		**(5,356)**	5,263
Share option expenses to eligible person other than employees	9	**(2,128)**	(2,106)
Other operating expenses		**(44,807)**	(54,181)
Share of loss of associates		**(32,358)**	(19,190)
Share of loss of joint ventures		**–**	(3,841)
Finance costs	10	**(8,295)**	(1,313)
Loss before tax	9	**(52,498)**	(100,335)
Income tax expenses	11	**(835)**	–
Loss for the year		**(53,333)**	(100,335)

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

For the year ended 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
Loss for the year		**(53,333)**	(100,335)
Other comprehensive income (expenses) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**95**	(4)
Share of foreign currency translation reserve of associates		**(46)**	(1,621)
Reclassification of foreign currency translation reserve upon disposal of subsidiaries	*37*	**(40)**	–
		9	(1,625)
Total comprehensive expense for the year		**(53,324)**	(101,960)
(Loss) profit for the year attributable to:			
Owners of the Company		**(53,422)**	(97,367)
Non-controlling interests		**89**	(2,968)
		(53,333)	(100,335)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(53,413)**	(98,992)
Non-controlling interests		**89**	(2,968)
		(53,324)	(101,960)

		2019	2018 (restated)
Loss per share			
Basic and diluted (HK$)	*14*	**(0.17)**	(0.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	15	**1,226**	13,492
Right-of-use assets	16	**1,945**	–
Investment properties	17	**25,488**	26,167
Goodwill	18	**27,192**	–
Intangible asset	19	**–**	–
Interests in associates	20	**4,071**	39,189
Interests in joint ventures	21	**–**	–
Rental deposits	24	**205**	6
Deferred tax assets	30	**–**	29
Loan receivables	23	**–**	4,460
		60,127	83,343
Current assets			
Inventories	22	**307,990**	289,936
Loan and interest receivables	23	**2,484**	50,757
Trade receivables	24	**44,573**	19,600
Loan to an associate	20	**3,000**	3,000
Amounts due from associates	20	**3**	574
Amounts due from joint ventures	21	**–**	168
Prepayments, deposits and other receivables	24	**60,274**	3,498
Income tax recoverable		**–**	9
Financial assets at fair value through profit or loss	25	**–**	8,338
Bank balances and cash	26	**4,079**	7,222
		422,403	383,102
Current liabilities			
Trade payables	27	**9,179**	5,786
Other payables, accruals and deposits received	27	**16,559**	13,874
Income tax payable		**1,633**	46
Borrowings	28	**14,981**	31,663
Promissory notes	28	**5,147**	–
Lease liabilities	29	**1,082**	–
		48,581	51,369
Net current assets		**373,822**	331,733
Total assets less current liabilities		**433,949**	415,076

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Promissory notes	28	**74,141**	67,689
Lease liabilities	29	**852**	–
Deferred tax liabilities	30	**–**	–
		74,993	67,689
Net assets		**358,956**	347,387
Capital and reserves			
Share capital	31	**41,493**	21,279
Reserves		**318,825**	327,716
Equity attributable to owners of the Company		**360,318**	348,995
Non-controlling interests		**(1,362)**	(1,608)
Total equity		**358,956**	347,387

The consolidated financial statements on pages 47 to 172 were approved and authorised for issue by the board of directors on 25 March 2020 and are signed on its behalf by:

HUANG WEI
Director

DOU SHENG
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to owners of the Company									
	Share capital HK$'000	**Share premium** HK$'000 (Note (i))	**Share options reserve** HK$'000 (Note (ii))	**Capital reserve** HK$'000 (Note (iii))	**Other reserve** HK$'000 (Note (iv))	**Foreign currency translation reserve** HK$'000 (Note (v))	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 January 2019	21,279	618,040	1,276	106	(182)	(8,614)	(282,910)	348,995	(1,608)	347,387
(Loss) profit for the year	–	–	–	–	–	–	(53,422)	(53,422)	89	(53,333)
Other comprehensive expenses for the year										
Exchange differences arising on translation of foreign operations	–	–	–	–	–	95	–	95	–	95
Share of foreign currency translation reserve of an associate	–	–	–	–	–	(46)	–	(46)	–	(46)
Reclassification of foreign currency translation reserve upon disposal of subsidiaries	–	–	–	–	–	(40)	–	(40)	–	(40)
Total comprehensive (expense) income for the year	–	–	–	–	–	9	(53,422)	(53,413)	89	(53,324)
Issue of consideration shares	4,255	14,044	–	–	–	–	–	18,299	–	18,299
Issue of new shares upon rights issue	4,614	6,829	–	–	–	–	–	11,443	–	11,443
Placing of unsubscribed rights shares	9,217	13,641	–	–	–	–	–	22,858	–	22,858
Recognition of equity-settled share based payments *(Note 32)*	–	–	2,979	–	–	–	–	2,979	–	2,979
Issue of shares upon exercise of share options *(Note 32)*	2,128	12,546	(4,255)	–	–	–	–	10,419	–	10,419
Share issuing expenses	–	(1,262)	–	–	–	–	–	(1,262)	–	(1,262)
Non-controlling interests arising from business combination *(Note 36)*	–	–	–	–	–	–	–	–	132	132
Disposal of subsidiaries *(Note 37)*	–	–	–	–	–	–	–	–	25	25
At 31 December 2019	41,493	663,838	–	106	(182)	(8,605)	(336,332)	360,318	(1,362)	358,956

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2019

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000* *(Note (i))*	Share options reserve *HK$'000* *(Note (ii))*	Capital reserve *HK$'000* *(Note (iii))*	Other reserve *HK$'000* *(Note (iv))*	Foreign currency translation reserve *HK$'000* *(Note (v))*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'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)
Issue of shares upon exercise of share options *(Note 32)*	208	4,418	(830)	–	–	–	–	3,796	–	3,796
Recognition of equity-settled share based payments *(Note 32)*	–	–	2,106	–	–	–	–	2,106	–	2,106
Disposal of a subsidiary *(Note 37)*	–	–	–	–	–	–	–	–	(81)	(81)
At 31 December 2018	21,279	618,040	1,276	106	(182)	(8,614)	(282,910)	348,995	(1,608)	347,387

Notes:

(i) Share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company which is governed by the Cayman Companies Law.

(ii) Share options reserve comprises the fair value of share options granted which are yet to be exercised. The amount will be transferred to accumulated losses when the related options are exercised, expired or forfeited.

(iii) 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.

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

(v) Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiaries whose functional currencies are currency other than Hong Kong dollar.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(52,498)**	(100,335)
Adjustments for:			
(Gain) loss on disposal of financial assets at fair value through profit or loss, net		**(7,771)**	49,864
Loss (gain) on fair value of financial assets at fair value through profit or loss, net		**5,356**	(5,263)
Depreciation	9	**1,818**	4,043
Amortisation	9	**–**	186
Share of loss of associates		**32,358**	19,190
Share of loss of joint ventures		**–**	3,841
Impairment loss on goodwill	9	**9,980**	1,310
Loss on written off of intangible asset		**–**	4,078
Impairment loss on amounts due from associates	9	**771**	–
Impairment loss on amounts due from joint ventures	9	**26**	10,434
Loss on early redemption of promissory notes	9	**4,906**	–
Share option expenses to employees	9	**851**	–
Share option expenses to eligible person other than employee	9	**2,128**	2,106
Finance costs	10	**8,295**	1,313
Gain on disposal of subsidiaries	9	**(1,510)**	(1,109)
Gain on disposal of associates	9	**(1,286)**	(66)
Gain on disposal of a joint venture	9	**(117)**	(3,661)
Loss on disposal of property, plant and equipment	9	**5**	–
Loss on written off of property, plant and equipment	9	**–**	6,185
Provision for (reversal of) impairment on loan and interest receivables	9	**85**	(4,000)
Provision for impairment on trade receivables	9	**80**	–
Interest income on debt instruments at amortised cost	8	**(184)**	(181)
Bank interest income	8	**(7)**	(6)
Operating cash flows before movements in working capital		**3,286**	(12,071)
Increase in inventories		**(3,224)**	(289,702)
Decrease in loan and interest receivables		**52,648**	134,962
Increase in trade receivables		**(21,390)**	(6,958)
Decrease in prepayments, deposits and other receivables		**2,927**	8,478
Decrease in financial assets at fair value through profit or loss		**10,934**	27,360
Increase in trade payables		**2,244**	374
(Decrease) increase in other payables, accruals and deposits received		**(969)**	4,462
Cash generated from (used in) operations		**46,456**	(133,095)
Interest paid		**(855)**	(596)
Hong Kong Profits Tax (paid) refund		**(2,235)**	122
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		**43,366**	(133,569)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
INVESTING ACTIVITIES			
Net cash inflow from acquisition of subsidiaries	36	**2,525**	–
Net cash inflow on disposal of subsidiaries	37	**12,901**	5,655
Net cash inflow on disposal of an associate		**4,000**	9,350
Net cash inflow on disposal of a joint venture		**–**	14,200
Purchases of property, plant and equipment		**(244)**	(11,230)
Proceeds from disposal of property, plant and equipment		**53**	–
Deposit (paid) refund for acquisition of a subsidiary	24	**(5,000)**	1,000
Advance to associates		**(21)**	(1,109)
Repayment from (advance to) joint ventures		**142**	(975)
Bank interest received		**7**	6
NET CASH GENERATED FROM INVESTING ACTIVITIES		**14,363**	16,897
FINANCING ACTIVITIES			
New borrowings raised		**–**	13,360
Repayment of borrowings		**(13,703)**	(474)
Issue of promissory notes		**28,616**	103,829
Repayment of promissory notes, including interest		**(116,034)**	(36,857)
Payment of lease liabilities		**(325)**	–
Proceeds from issue of new shares upon rights issue		**11,443**	–
Proceeds from placing of unsubscribed rights shares		**22,858**	–
Exercise of share options		**10,419**	3,796
Share issuing expenses		**(1,262)**	–
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES		**(57,988)**	83,654
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(259)**	(33,018)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**(1,658)**	31,364
Effect of foreign exchange rate changes		**95**	(4)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**(1,822)**	(1,658)
Analysis of cash and cash equivalents at the end of the year			
Bank balances and cash	26	**4,079**	7,222
Bank overdrafts	28	**(5,901)**	(8,880)
		(1,822)	(1,658)

1. GENERAL INFORMATION

Food Idea Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 10 February 2011 under the Companies Law (2010 Revision) of the Cayman Islands. The shares of the Company have been 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, 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 is investment holding. The principal activities of its subsidiaries (together with the Company referred to as the "Group") are set out in note 40 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) unless otherwise indicated.

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

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

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

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

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

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

HKFRS 16 *Leases*

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

Definition of a lease

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

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

As a lessee

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

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

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

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

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

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

HKFRS 16 *Leases* (Continued)

As a lessee (Continued)

On transition, the Group has made the following adjustments upon application of HKFRS 16:

	HK$'000
Lease liabilities	
Operating lease commitments disclosed as at 31 December 2018	852
Less: Recognition exemption – short-term leases	(813)
Less: Recognition exemption – low-value leases	(39)
Lease liabilities as at 1 January 2019	–

As a lessor

In accordance with the transitional provision of HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted for as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under other payables, accruals and deposits received.

Effective 1 January 2019, the Group has applied HKFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

Transition to HKFRS 16 does not have an impact on accumulated losses at 1 January 2019.

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

HKFRS 16 *Leases* (Continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]

1 Effective for annual periods beginning on or after 1 January 2020.

2 Effective for business combination for which the acquisition date is on or after the first annual periods beginning on or after 1 January 2020.

3 Effective for annual periods on or after 1 January 2021.

4 Effective for annual period beginning on or after a date to be determined.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs as described 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.

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

Amendments to HKFRS 3 *Definition of a Business*

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and

- narrow the definition of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with earlier application permitted.

The amendments to HKFRS 3 are not expected to have significant impact on the Group's consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;

- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;

- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;

- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and

- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

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

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards (Continued)

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

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 Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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 applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise indicated.

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 Company has (i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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.

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 expenses 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, 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 which represent present ownership interest entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

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).

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain recognised in a business combination.

Non-controlling interests that are presenting ownership interests and entitling their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting periods and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting periods in accordance with HKFRS 9 *Financial Instruments*, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group's for like transactions and events in similar circumstances. 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. When 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

When the Group ceased to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest in fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture. In addition, the Group accounts for all amount previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of that related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in as associate become an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets and liabilities.

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)

Revenue from contract with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contract with customers (Continued)

Performance obligations for contracts with customers

Revenue from sales and distribution of food products and sales of wine and ancillary wine-related products

Revenues from sales of food products and wine and ancillary wine-related products are recognised at a point in time when control of the goods has been transferred, being when the goods have been delivered to the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Consultancy fee income and management fee income

Under the terms of the relevant contracts, consultancy fee income and management fee income are recognised as a performance obligation satisfied over time. The consultancy fee income and management fee income are recognised throughout their respective contract period.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

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)

Employee benefits

(a) Retirement benefit schemes

Payments to the Mandatory Provident Fund Scheme (the “MPF Scheme”) are recognised as an expense when employees have rendered services entitling them to the contributions. The Group operates an MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, with the employers’ contributions subject to a cap of monthly relevant income of HK$30,000. The Group’s contributions to the scheme are expensed as incurred and vested in accordance with the scheme’s vesting scales. Where employees leave the scheme prior to the full vesting of the employer’s contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The employees employed by the Group’s subsidiary in the PRC is member of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiary is required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is to make the specified contributions under the schemes.

(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 Employment Ordinance (Chapter 57 of the Laws of Hong Kong) 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)

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.

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 “right-of-use assets” (upon application of HKFRS 16) or “prepaid lease payments” (before application of HKFRS 16) 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)

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.

Impairment of property, plant and equipments, right-of-use 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 property, plant and equipments, right-of-use 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.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of property, plant and equipments, right-of-use assets and intangible asset other than goodwill (see the accounting policy in respect of goodwill above) **(Continued)**

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 a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) 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 a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low value assets

Short-term leases and leases of low-value assets The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (prior to 1 January 2019)

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

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

In the event that lease incentive are received to enter into operating leases, such incentive are recognised as a liability. The aggregate benefit of incentive 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.

The Group as lessor

Classification and measurement of leases

All leases for which the Group is a lessor are classified as operating leases.

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

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contracts

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

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).

On the disposal of a foreign operation (that is a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial assets), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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)

Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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 and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

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.

Interest income and dividend income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

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 and interest income: 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)

Financial assets (Continued)

Debt instruments (Continued)

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or contingent consideration that may be received by an acquirer as part of a business combination to which HKFRS 3 applies. 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.

Contingent consideration that may be received by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; (ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or (iii) it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial assets (Continued)

Equity investments

On initial recognition of financial assets 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 FVTOCI 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 investments are classified as financial assets at FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

Impairment on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (i) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (ii) 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 loan and interest receivables 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)

Impairment 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.

Definition of default

The Group considers that default has occured when: (i) 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 (ii) the financial asset is more than 90 days past due.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial assets have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Impairment on financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in case of trade receivables, when the amounts are over 1 year past due, whichever occur sooner. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables and loan and interest receivables are each assessed as a separate group);

- Past-due status;

- Nature, size and industry of debtors; and

- External credit ratings where available.

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. 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 payables, other payables and accruals, borrowings, promissory notes and lease liabilities 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.

Equity instruments

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

Derecognition

The Group derecognises a financial asset only 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.

On derecognition of financial assets at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when, and only when, the Group's obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

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

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).

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. When inflow is virtually certain, an asset is recognised.

Related parties

A party is considered to be related to the Group if:

(a) A person, or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions apply:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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, right-of-use assets, 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 to the consolidated financial statements, 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 in applying accounting policies

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.

Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to office and retail shops. The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affect the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below market rates);
- the extent of leasehold improvements undertaken by the Group; and
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's need.

During the year ended 31 December 2019, the Group did not exercise any of its renewal options in respect of the leases.

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

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.

Useful lives and impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at cost less accumulated depreciation or amortisation and identified impairment losses, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the asset belongs. Changing the assumptions and estimates, including discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2019, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are approximately HK$1,226,000, HK$1,945,000 and nil (2018: HK$13,492,000, nil and nil) respectively. No impairment loss was recognised in respect of property, plant and equipment, right-of-use assets and intangible assets during the years ended 31 December 2019 and 2018.

During the year ended 31 December 2018, the Group had written-off its intangible asset in respect of exclusive rights as the management decided to terminate the business plan. Details are set out in note 19 to the consolidated financial statements.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. 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 2019, the carrying amount of goodwill was approximately HK$27,192,000. An impairment loss on goodwill of approximately HK$9,980,000 (2018: HK$1,310,000) was recognised during the year ended 31 December 2019. Details of the impairment assessment are set at in note 18 to the consolidated financial statements.

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

Key sources of estimation uncertainty (Continued)

Impairment and carrying amount of interests in associates

During the year ended 31 December 2019, Lucky Dessert (China) Holdings Limited and its subsidiaries ("Lucky Dessert Group"), 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 performed an impairment test using 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 2019, the carrying amount of interests in Lucky Dessert Group is nil (2018: approximately HK$28,650,000). An impairment loss on intangible asset was recognised by Lucky Dessert Group and the Group's shared approximately HK$33,077,000 (2018: HK$19,389,000) of such loss which was included in the share of loss of associates for the year ended 31 December 2019. Details are set out in note 20 to the consolidated financial statements.

Impairment of financial assets at amortised cost

The Group's financial assets at amortised cost are assessed for impairment based on the ECL 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). Management has exercised judgment in estimating the amount of ECL. 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

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

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 debts (including borrowings, promissory notes and lease liabilities), 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, promissory notes and lease liabilities, less bank balances and cash) divided by the total of net debt and total equity (excluding non-controlling interests).

The gearing ratios as at 31 December 2019 and 2018 are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Total debt	**96,203**	99,352
Bank balances and cash	**(4,079)**	(7,222)
Net debt	**92,124**	92,130
Equity attributable to owners of the company	**360,318**	348,995
Gearing ratio	**20%**	21%

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a). Categories of financial instruments

	2019	2018
	HK$'000	*HK$'000*
Financial assets		
Financial assets at amortised cost	**62,680**	88,448
Financial assets at FVTPL	**–**	8,338
	62,680	96,786
Financial liabilities		
Financial liabilities at amortised cost	**119,388**	116,893

(b). Financial risk management objectives and policies

The Group's major financial instruments include 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, promissory notes and lease liabilities. 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 and impairment assessment

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 bank balances is limited because the counterparties are large banks that have low credit risk.

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Credit risk and impairment assessment (Continued)

Loan and interest 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 directors 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 and interest receivable (before impairment allowance) using the Group's credit rating system is set out in the table below:

	2019	2018
	HK$'000	*HK$'000*
Performing	**2,483**	35,769
Doubtful	**258**	19,620
	2,741	55,389

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 and interest receivables as loss if the repayments of principal and/or interest have been overdue for more than 6 months for all types of loan and interest receivables; and in 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 regular basis. The Group also performs collective assessment of the loans and interest 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 INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Credit risk and impairment assessment (Continued)

Loan and interest receivables (Continued)

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

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Total *HK$'000*
Gross loans and interest receivables as at 1 January 2018	170,868	–	19,483	190,351
New loans/financing originated	61,391	–	–	61,391
Loans/financing derecognised or repaid during the year (other than write-offs)	(192,353)	–	(4,000)	(196,353)
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 and at 1 January 2019	**35,769**	**–**	**19,620**	**55,389**
New loans/financing originated	**26,228**	**–**	**–**	**26,228**
Loans/financing derecognised or repaid during the year (other than write-offs)	**(59,428)**	**–**	**(19,448)**	**(78,876)**
Transfer to 12-month expected credit loss (Stage 1)	**–**	**–**	**–**	**–**
Transfer to lifetime expected credit loss not credit impaired (Stage 2)	**(6)**	**6**	**–**	**–**
Transfer to lifetime expected credit loss credit impaired (Stage 3)	**(80)**	**–**	**80**	**–**
Total transfer between stages	**(86)**	**6**	**80**	**–**
At 31 December 2019	**2,483**	**6**	**252**	**2,741**

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Credit risk and impairment assessment (Continued)

Loan and interest 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*
As at 1 January 2018	–	–	4,172	4,172
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 and at 1 January 2019	**–**	**–**	**172**	**172**
New loans/financing originated	**5**	**–**	**80**	**85**
Loans/financing derecognised or repaid during the year (other than write-offs)	**–**	**–**	**–**	**–**
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 2019	**5**	**–**	**252**	**257**

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Credit risk and impairment assessment (Continued)

Loan and interest receivables (Continued)

Collateral is obtained in respect of secured fixed installment loans which made up to 53% (2018: 98%) of the total loan receivables as at 31 December 2019. Such collaterals comprise residential and commercial properties and unlisted equity securities pledged against the balances. As at 31 December 2019, the fair value of collaterals for the mortgage loans which are mainly residential flats based on its prevailing market prices amounted to approximately HK$7.9 million (2018: HK$85.2 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 to members or entity outside of the Group which would expose the Group to credit risk.

Trade receivables

The Group's trade receivables, before impairment, consist of approximately HK$10,316,000 and HK$34,337,000 from food product operation segment and wine business segment respectively.

The directors have reviewed the creditability of the trade receivable balances from the food product operation segment and considered the exposure on credit risks associated with these debtors are minimal as most of these debtors are reputable companies with no history of default.

For wine trading segment, the Group uses debtors' ageing to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL.

	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*HK$'000*	*HK$'000*
At 31 December 2019			
Not yet due	0.23	34,301	80
1-30 days past due	0.46	10	–
31-60 days past due	0.70	13	–
Over 60 days past due	1.76	13	–
		34,337	80

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

As at 31 December 2018, the Group's ageing analysis of trade receivables by due date is set out below:

	HK$'000
Not yet due	17,905
1-30 days past due	1,304
31-60 days past due	259
Over 60 days past due	132
	19,600

The Group had assessed the ECL for trade receivables individually as at 31 December 2018 and, concluded that no impairment allowance for trade receivables was provided since the loss given default and the loss given default were low based on historical credit loss experience. The management had assessed all available forward-looking information, including but not limited to expected growth rate of the industry and expected subsequent settlement.

None of the Group's trade receivables balance was credit-impaired at the end of the reporting period.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12 months ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies.

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Credit risk and impairment assessment (Continued)

Loan and amounts due from associates and joint ventures

The Group regularly monitor the business performance of the associates and joint ventures. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities and the power to participate or jointly control the relevant activities of these entities. The directors of the Company believe that the operations of these associates and joint ventures are experiencing significant difficulties in their respective industry and have assessed the potential impairment based on lifetime ECL.

During the year ended 31 December 2019, the Group has recognised impairment on amounts due from associates and joint ventures of approximately HK$771,000 and HK$26,000 respectively, the impairment was arrived based on the management's assumptions on the continuity of the associates and joint ventures.

Deposits and other receivables

For deposits and other receivables, the directors make periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provide impairment based on 12 months ECL. For the years ended 31 December 2019 and 2018, the Group assessed ECL for deposits and other receivables were insignificant and thus no loss allowance was recognised.

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Market risk

Interest rate risk

As at 31 December 2019 and 2018, the Group is exposed to fair value interest rate risk in relation to loan receivables, secured other borrowings, promissory notes and lease liabilities which carried at fixed rates.

As at 31 December 2019 and 2018, the Group is also exposed to cash flow interest rate risk in relation to bank balances and borrowings, and details of which are set out in notes 26 and 28 to the consolidated financial statements 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 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 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 (2018: 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 (2018: 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$150,000 (2018: HK$217,000).

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Market risk (Continued)

Other price risk

The Group was exposed to equity price risk through its financial assets at FVTPL for the year 31 December 2018. 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%. If the prices of the financial assets at FVTPL has been 5% higher/lower, would decrease/increase the Group's loss before tax for the year ended 31 December 2018 by approximately HK$417,000 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 2019 and 2018, 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 INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Liquidity risk (Continued)

	At 31 December 2019				
	Weighted average effective interest rate	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	–	9,179	–	9,179	9,179
Other payables and accruals	–	14,006	–	14,006	14,006
Borrowings *(Note (i))*	2.31%	14,981	–	14,981	14,981
Promissory notes	7.12%	5,201	85,167	90,368	79,288
Lease liabilities	8.72%	1,208	883	2,091	1,934
		44,575	86,050	130,625	119,388

	At 31 December 2018				
	Weighted average effective interest rate	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))*	3.69%	31,663	–	31,663	31,663
Promissory notes	2.02%	–	69,883	69,883	67,689
		49,204	69,883	119,087	116,893

Notes:

(i) As at 31 December 2019, instalment loans with 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 2019, the aggregate undiscounted principal amount of the instalment loans amounted to approximately HK$9,080,000 (2018: HK$12,783,000). 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$10,932,000 (2018: HK$15,961,000).

As at 31 December 2019, included in borrowings are bank overdrafts of approximately HK$5,901,000 (2018: HK$8,880,000) with an demand clause of which no interest element is considered in the calculation of undiscounted cash flow.

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Liquidity risk (Continued)

Notes: (Continued)

(ii) Weighted average effective interest rate is determined based on 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.

(c). 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 **2019** ***HK$'000***	 2018 *HK$'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

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 to its fair value as the impact of discounting is immaterial.

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

7. REVENUE AND SEGMENT INFORMATION

Information reported by 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 business – 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 sales and distribution of wine products.

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

7. REVENUE AND SEGMENT INFORMATION (Continued)

For the year ended 31 December

	Catering services		Food products operation		Investments		Money lending		Wine business		Unallocated		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment turnover	**–**	–	**119,062**	124,661	**13,252**	55,331	**1,890**	7,230	**109,740**	52,914	**–**	–	**243,944**	240,136
Segment revenue	**–**	–	**119,062**	124,661	**–**	29	**1,890**	7,230	**109,740**	52,914	**–**	–	**230,692**	184,834
Segment result	**(68)**	(4,327)	**(2,673)**	(1,297)	**2,596**	(44,573)	**1,652**	10,352	**10,273**	3,044	**–**	–	**11,780**	(36,801)
Unallocated income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**4,147**	5,938	**4,147**	5,938
Unallocated corporate expenses	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(14,042)**	(41,712)	**(14,042)**	(41,712)
Share option expenses	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(2,979)**	(2,106)	**(2,979)**	(2,106)
Share of loss of associates	**(28,603)**	(19,190)	**–**	–	**–**	–	**–**	–	**–**	–	**(3,755)**	–	**(32,358)**	(19,190)
Share of loss of joint ventures	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(3,841)	**–**	(3,841)
Impairment loss on amounts due from associates	**(771)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(771)**	–
Impairment loss on goodwill	**–**	–	**–**	(1,310)	**–**	–	**–**	–	**(9,980)**	–	**–**	–	**(9,980)**	(1,310)
Finance costs	**–**	–	**(226)**	(196)	**–**	–	**–**	–	**(3,375)**	–	**(4,694)**	(1,117)	**(8,295)**	(1,313)
Loss before tax													**(52,498)**	(100,335)

7. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers:

	Catering services		Food products operation		Investment		Money lending		Wine business		Unallocated		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Types of goods or services														
Sales and distribution of food products	**–**	–	**119,062**	124,661	**–**	–	**–**	–	**–**	–	**–**	–	**119,062**	124,661
Sales of wine products	**–**	–	**–**	–	**–**	–	**–**	–	**109,410**	52,914	**–**	–	**109,410**	52,914
Sales of ancillary wine-related products	**–**	–	**–**	–	**–**	–	**–**	–	**330**	–	**–**	–	**330**	–
Revenue from contracts with customers	**–**	–	**119,062**	124,661	**–**	–	**–**	–	**109,740**	52,914	**–**	–	**228,802**	177,575
Loan interest income under effective interest method	**–**	–	**–**	–	**–**	–	**1,890**	7,230	**–**	–	**–**	–	**1,890**	7,230
Dividend income	**–**	–	**–**	–	**–**	29	**–**	–	**–**	–	**–**	–	**–**	29
Segment revenue	**–**	–	**119,062**	124,661	**–**	29	**1,890**	7,230	**109,740**	52,914	**–**	–	**230,692**	184,834
Sales channel														
Retail	**–**	–	**119,062**	124,661	**–**	–	**–**	–	**5,673**	–	**–**	–	**124,735**	124,661
Wholesale	**–**	–	**–**	–	**–**	–	**–**	–	**104,067**	52,914	**–**	–	**104,067**	52,914
Revenue from contracts with customers	**–**	–	**119,062**	124,661	**–**	–	**–**	–	**109,740**	52,914	**–**	–	**228,802**	177,575

All of the Group's revenue from contracts with customers are recognised at a point in time.

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

7. REVENUE AND 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 business		Unallocated		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS														
Segment assets	**–**	–	**16,783**	19,093	**–**	8,338	**2,484**	55,218	**422,469**	297,500	**–**	–	**441,736**	380,149
Interests in associates	**–**	28,650	**–**	–	**–**	–	**–**	–	**–**	–	**4,071**	10,539	**4,071**	39,189
Loan to an associate	**3,000**	3,000	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**3,000**	3,000
Amounts due from associates	**–**	574	**–**	–	**–**	–	**–**	–	**–**	–	**3**	–	**3**	574
Amounts due from joint ventures	**–**	–	**–**	168	**–**	–	**–**	–	**–**	–	**–**	–	**–**	168
Unallocated corporate assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**33,720**	43,365	**33,720**	43,365
Consolidated total assets													**482,530**	466,445
LIABILITIES														
Segment liabilities	**109**	109	**18,133**	22,901	**–**	–	**45**	45	**8,149**	–	**–**	–	**26,436**	23,055
Promissory notes	**–**	–	**–**	–	**–**	–	**–**	–	**44,995**	–	**34,293**	67,689	**79,288**	67,689
Unallocated corporate liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**17,850**	28,314	**17,850**	28,314
Consolidated total liabilities													**123,574**	119,058

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

- all assets are allocated to operating segments other than certain property, plant and equipment, certain right-of-use assets, investment properties, deferred tax assets, certain prepayments, deposits and other receivables certain amounts due from associates/joint ventures, income tax recoverable, certain 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, certain lease liabilities deferred tax liabilities and other liabilities that cannot be allocated to a specific segment.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Hong Kong (place of domicile) and the PRC.

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**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**230,692**	184,834	**59,922**	50,198
PRC	**–**	–	**–**	28,650
	230,692	184,834	**59,922**	78,848

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 2019 and 2018.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2019

	Catering services *HK$'000*	Food products operation *HK$'000*	Investments *HK$'000*	Money lending *HK$'000*	Wine business *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)*	–	1,352	–	–	38,705	60	40,117
Depreciation	–	730	–	–	302	786	1,818
Impairment loss on goodwill	–	–	–	–	9,980	–	9,980
Provision for impairment on loan and interest receivables	–	–	–	85	–	–	85
Provision for impairment on trade receivables	–	–	–	–	80	–	80
Loss on fair value of financial assets at FVTPL, net	–	–	5,175	–	181	–	5,356
Gain on disposal of financial assets at FVTPL, net	–	–	(7,771)	–	–	–	(7,771)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:							
Interest income	(179)	(2)	–	–	(3)	(7)	(191)
Finance costs	–	226	–	–	3,375	4,694	8,295
Income tax expenses	–	10	–	–	825	–	835

7. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2018

	Catering services *HK$'000*	Food products operation *HK$'000*	Investments *HK$'000*	Money lending *HK$'000*	Wine business *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
Impairment loss on goodwill	–	1,310	–	–	–	–	1,310
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	–	–	–	–	–	–	–

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

8. OTHER INCOME

	2019 ***HK$'000***	2018 *HK$'000*
Bank interest income	**7**	6
Interest income on debt instruments at amortised cost	**184**	181
Management fee income	**120**	93
Consultancy fee income	**125**	163
Rental income *(Note)*	**642**	642
Sundry income	**117**	17
	1,195	1,102

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

9. LOSS BEFORE TAX

	2019	2018
	HK$'000	*HK$'000*
Loss before tax has been arrived at after (crediting) charging:		
Other losses, net		
Gain on disposal of subsidiaries	**(1,510)**	(1,109)
Gain on disposal of associates	**(1,286)**	(66)
Gain on disposal of a joint venture	**(117)**	(3,661)
Loss on disposal of property, plant and equipment	**5**	–
Loss on written off of property plant and equipment	**–**	6,185
Provision for (reversal of) impairment on loan and interest receivables	**85**	(4,000)
Provision for impairment on trade receivables	**80**	–
Impairment loss on goodwill	**9,980**	1,310
Loss on written off of intangible asset	**–**	4,078
Impairment loss on amounts due from associates	**771**	–
Impairment loss on amounts due from joint ventures	**26**	10,434
Loss on early redemption of promissory notes	**4,906**	–
	12,940	13,171
Employee benefits expenses (including directors' and chief executive's emoluments)		
Salaries, wages and other benefits	**41,808**	43,890
Share option expenses to employees	**851**	–
Contributions to retirement benefits schemes – defined contribution plan	**1,679**	1,689
	44,338	45,579
Share option expenses to eligible person other than employees	**2,128**	2,106
Auditor's remunerations for:		
– audit services	**1,177**	950
– non-audit services	**925**	430
	2,102	1,380
Depreciation	**1,818**	4,043
Amortisation	**–**	186
Operating lease rental relating to short-term lease and low-value lease upon application of HKFRS 16	**3,831**	–
Operating lease rentals in respect of rented premises	**–**	3,024

10. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interests on borrowings	**855**	596
Interests on promissory notes *(Note 28)*	**7,391**	717
Interest on lease liabilities	**49**	–
	8,295	1,313

11. INCOME TAX EXPENSES

	2019 HK$'000	2018 HK$'000
Current income tax – Hong Kong:		
Current year provision	**824**	–
Over provision in prior years	**(18)**	–
	806	–
Deferred tax:		
Charge for the year *(Note 30)*	**29**	–
	835	–

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 2019 and 2018 is calculated in accordance with the two-tiered profits tax regime.

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 subsidiary in the PRC did not derive any assessable profits for both years.

11. INCOME TAX EXPENSES (Continued)

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:

	2019 *HK$'000*	2018 *HK$'000*
Loss before tax	**(52,498)**	(100,335)
Tax at the tax rates applicable to the jurisdiction concerned	**(8,673)**	(16,555)
Tax relief on 8.25% on first HK$2 million of assessable profits	**(163)**	–
Tax effect of income not taxable for tax purpose	**(1,553)**	(2,320)
Tax effect of expenses not deductible for tax purpose	**5,907**	4,677
Tax effect of deductible temporary differences not recognised	**336**	4,231
Tax effect of share of results of associates and joint ventures	**5,339**	3,800
Tax effect of estimated tax losses not recognised	**111**	6,167
Tax effect of utilisation of estimated tax losses not recognised	**(451)**	–
Over-provision in prior years	**(18)**	–
Income tax expenses for the year	**835**	–

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and chief executive's emoluments

	Year ended 31 December 2019				
	Fees *HK$'000*	Salaries, other benefits *HK$'000*	Contributions to retirement benefits scheme – defined contribution plan *HK$'000*	Discretionary bonus *HK$'000*	Total *HK$'000*
Executive directors:					
Ms. Huang Wei *(Note (g))*	–	100	5	–	105
Mr. Dou Sheng *(Note (i))*	–	18	1	–	19
Mr. Yu Ka Ho *(Note (j))*	–	860	15	–	875
Mr. Wong Hoi Yu *(Note (h))*	–	90	4	–	94
Independent non-executive directors:					
Mr. Li Lap Keung *(Note (e))*	103	–	–	–	103
Mr. So Yat Chuen *(Note (e))*	103	–	–	–	103
Dr. Wu Wing Kuen *B.B.S. (Note (c))*	115	–	–	–	115
Mr. Chu Sin Bun Jacky *(Note (a))*	9	–	–	–	9
Mr. Kwan Wai Yin, William *(Note (d))*	3	–	–	–	3
Mr. Tam Lok Hang *(Note (f))*	9	–	–	–	9
	342	1,068	25	–	1,435

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	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*	Total *HK$'000*
Executive directors:					
Mr. Yu Ka Ho *(Note (j))*	–	1,032	18	86	1,136
Mr. Wong Hoi Yu *(Note (h))*	–	120	7	10	137
Independent non-executive directors:					
Mr. Chu Sin Bun Jacky *(Note (a))*	55	–	–	–	55
Mr. Kwan Wai Yin, William *(Note (d))*	60	–	–	–	60
Mr. Li Fu Yeung *(Note (b))*	4	–	–	–	4
Mr. Tam Lok Hang *(Note (f))*	60	–	–	–	60
	179	1,152	25	96	1,452

Notes:

(a) Appointed on 1 February 2018 and resigned on 22 February 2019

(b) Resigned on 1 February 2018

(c) Appointed on 16 January 2019

(d) Resigned on 16 January 2019

(e) Appointed on 22 February 2019

(f) Resigned on 22 February 2019

(g) Appointed on 12 August 2019

(h) Resigned on 30 September 2019

(i) Appointed on 24 October 2019

(j) Resigned on 24 October 2019

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The five highest paid individuals included one director (2018: one), who resigned as director of the Company during the year ended 31 December 2019 and had been redesignated as employee of the Group, and details of whose emoluments are set out above. Details of the emoluments of the remaining four (2018: four) highest paid individuals were as follows:

	2019	2018
	HK$'000	*HK$'000*
Salaries and other benefits	**2,348**	3,145
Contributions to retirement benefits scheme – defined contribution plan	**182**	68
Discretionary bonus	**74**	175
Share option expenses	**851**	–
	3,455	3,388

Their emoluments were within the following bands:

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**1**	1
	4	4

During the years ended 31 December 2019 and 2018, 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, an executive director, Mr. Wong Hoi Yu waived his salaries of HK$130,000. Except for Mr. Wong Hoi Yu, no other directors, the chief executive or the five highest paid individuals waived or agreed to waive any emoluments paid by the Group.

The remuneration of the 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 2019 nor has any dividend been proposed since the end of the reporting period (2018: 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:

	2019 ***HK$'000***	2018 *HK$'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	**(53,422)**	(97,367)

	2019	2018 (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**323,601,843**	213,023,940

The calculation of basic and diluted loss per share for the years ended 31 December 2019 and 2018 is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 31 December 2018 has been adjusted for the rights issue and the share consolidation on 21 August 2019 and 2 September 2019 respectively.

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 2019 and 2018.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building	Leasehold improvements	Air-conditioning	Equipment and kitchen utensils	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 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 37)*	–	–	–	–	–	(10,598)	(10,598)
At 31 December 2018 and 1 January 2019	12,161	2,874	178	1,973	–	–	17,186
Acquisition through business combinations *(Note 36)*	–	–	–	57	395	–	452
Additions	–	–	–	242	2	–	244
Written-offs / disposals	–	–	–	(82)	–	–	(82)
Disposal of subsidiaries *(Note 37)*	(12,161)	(307)	(2)	(9)	–	–	(12,479)
At 31 December 2019	–	2,567	176	2,181	397	–	5,321
ACCUMULATED DEPRECIATION							
At 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 37)*	–	–	–	–	–	(6,279)	(6,279)
At 31 December 2018 and 1 January 2019	254	2,329	29	1,082	–	–	3,694
Provided for the year	76	307	34	311	107	–	835
Eliminated on written-offs / disposals	–	–	–	(24)	–	–	(24)
Disposal of subsidiaries *(Note 37)*	(330)	(69)	(2)	(9)	–	–	(410)
At 31 December 2019	–	2,567	61	1,360	107	–	4,095
CARRYING VALUES							
At 31 December 2019	–	–	115	821	290	–	1,226
At 31 December 2018	11,907	545	149	891	–	–	13,492

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, whichever is 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 long-term lease.

The Group had pledged its leasehold land and building with the carrying value of approximately HK$11,907,000 as at 31 December 2018 to secure general banking facilities granted to the Group.

16. RIGHT-OF-USE ASSETS

The carrying amount of right-of-use assets represents properties leased by the Group. During the year ended 31 December 2019, the depreciation charge on right-of-use assets and addition to right-of-use assets are approximately HK$304,000 and HK$2,249,000 respectively. Details of the expenses relating to short-term leases and low-value leases are set out in note 9 to the consolidated financial statements.

During the year ended 31 December 2019, the total cash outflow for leases, including payments of principal and interest portion of lease liabilities, short-term leases, low-value leases and payments of lease payments on or before lease commencement date, is approximately HK$4,156,000.

For the years ended 31 December 2019 and 2018, the Group leases office premises and warehouses for its operations. Lease contracts are entered into for fixed term of one year to three years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

17. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	27,156
ACCUMULATED DEPRECIATION	
At 1 January 2018	310
Provided for the year	679
At 31 December 2018 and 1 January 2019	989
Provided for the year	679
At 31 December 2019	1,668
CARRYING VALUE	
At 31 December 2019	25,488
At 31 December 2018	26,167

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 2019 was approximately HK$28,000,000 (2018: HK$36,688,000). The valuation performed by the management of the Group 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.

17. INVESTMENT PROPERTIES (Continued)

The following table gives information about how the fair values of the investment properties are determined:

	Fair value hierarchy	Fair value as at 31 December 2019 *HK$'000*	Fair value as at 31 December 2018 *HK$'000*	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
Investment property A	Level 2	16,800	22,248	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	11,200	14,440	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.

18. GOODWILL

	HK$'000
COST	
At 1 January 2018, 31 December 2018 and 1 January 2019	6,186
Arising from business combinations *(Note 36)*	37,172
At 31 December 2019	43,358
IMPAIRMENT	
At 1 January 2018	4,876
Impairment loss recognised during the year	1,310
At 31 December 2018 and 1 January 2019	6,186
Impairment loss recognised during the year	9,980
At 31 December 2019	16,166
CARRYING VALUE	
At 31 December 2019	27,192
At 31 December 2018	–

18. GOODWILL (Continued)

For the purposes of impairment testing, goodwill set out above has been allocated to three CGUs, comprising two subsidiaries in the food products operation segment, one subsidiary in retail of wine business segment and two subsidiaries in the wholesales wine business segment.

The carrying value of goodwill, net of accumulated impairment allocated to the following CGUs:

	2019	2018
	HK$'000	HK$'000
Food products operation	**–**	–
Wine business:		
– Retail	**3,218**	–
– Wholesale	**23,974**	–
	27,192	–

The basis of the recoverable amounts of the above CGUs and the major underlying assumptions are summarised below:

Food products operations

The recoverable amount of this CGU at 31 December 2018 has been determined based on a value in use calculation with reference to a valuation performed by a firm of independent professional valuers. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-year period and a pre-tax discount rate of 16.89%. Cash flows beyond the 5-year period has been extrapolated using a steady 2.5% 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 the management's expectations for the market development. As a result, an impairment loss of approximately HK$1,310,000 has been recognised during the year ended 31 December 2018. No other write-down of the assets of food products operation segment is considered necessary in both years.

Wine business – retail and wholesale

The recoverable amount of these CGUs has been determined based in value in use calculations with reference to valuations performed by Ravia Global Appraisal Advisory Limited (the "Ravia"), a firm of independent professional valuers. These calculations use cash flows projections based on financial budgets approved by the management covering a 5-year period and a pre-tax discount rate of 17% for retail and 17% for wholesale. Cash flows beyond the 5-year period have been extrapolated using a steady 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 profit margin, such estimation is based on these units' past performance and the management's expectations for the market development. As a result, impairment losses of approximately HK$5,266,000 and HK$4,714,000 have been recognised during the year ended 31 December 2019 in relation to the wine business – retail CGU and the wine business – wholesale CGU respectively.

19. INTANGIBLE ASSET

	Exclusive rights *HK$'000*
COST	
At 1 January 2018	4,648
Written-off	(4,648)
At 31 December 2018, 1 January 2019 and 31 December 2019	–
ACCUMULATED AMORTISATION AND WRITTEN OFF	
At 1 January 2018	384
Provided for the year	186
Eliminated on written-off	(570)
At 31 December 2018, 1 January 2019 and 31 December 2019	–
CARRYING VALUE	
At 31 December 2019	–
At 31 December 2018	–

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 acquired through acquisition of a subsidiary in 2015 and have finite useful lives and are 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 during the year ended 31 December 2018.

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

	2019	2018
	HK$'000	*HK$'000*
Cost of unlisted investments in associates	**100,479**	92,654
Share of post-acquisition losses and other comprehensive expenses	**(96,226)**	(63,822)
Share of other reserve *(a)*	**(182)**	(182)
Transfer from interests in joint ventures *(b)*	**–**	10,539
	4,071	39,189

Notes:

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

(b) 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 in 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 remaining 15% equity interest in Marvel Miracle was reclassified from interests in joint venture to interests in an associates.

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

As at 31 December 2019 and 2018, 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
					2019	2018	2019	2018	
Lucky Dessert (China) Holdings Limited ("Lucky Dessert (China)") *(Note (i))*	Incorporated	British Virgin Islands ("BVI")	Hong Kong	United States Dollars ("US$") 100	49%	49%	40%	40%	Investment holding
Lucky Dessert (China) Limited *(Note (i))*	Incorporated	Hong Kong	Hong Kong	HK$100	49%	49%	40%	40%	Investment holding
Marvel Miracle International Limited ("Marvel Miracle") *(Note (ii))*	Incorporated	BVI	Hong Kong	US$100	9%	15%	50%	50%	Investment holding
幸運甜品餐飲管理(深圳)有限公司 *(Note (i))*	Incorporated	The PRC	The PRC	HK$3,050,000	49%	49%	40%	40%	Trademark holding, catering management and consulting
天津凱沃萊爾餐飲有限公司 *(Note (i))*	Incorporated	The PRC	The PRC	Renminbi ("RMB") 1,000,000	49%	49%	40%	40%	Restaurant operations

Notes:

(i) 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).

For the year ended 31 December 2019, Lucky Dessert Group had recurring loss in operations due to the fierce competition in dessert industry in the PRC. The management have assessed the impairment of interests in associates and the impairment of intangible asset held by the Lucky Dessert Group based on a valuation prepared by a firm of independent professional valuer. The recoverable amounts of interest in Lucky Dessert Group and the intangible asset held by Lucky Dessert Group were 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% (2018: 3.0%) per annum; and pre-tax discount rate of 20.82% (2018: 20.20%) per annum. As a result, impairment loss on intangible asset of approximately HK$67,503,000 (2018: HK$39,570,000) was recognised by 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 2019. In addition, no impairment loss on interests in Lucky Dessert Group was recognised by the Group for both years.

(ii) The Group has significant influence on Marvel Miracle as it has appointed one out of two directors of Marvel Miracle.

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.

On 31 December 2019, the Group has disposed of 6% of its equity interest in Marvel Miracle at a consideration of HK$4,000,000. The Group interest in Marvel Miracle further decreased from 15% to 9%. The disposal was completed on 31 December 2019.

The above table lists the associates of the Group which, in the opinion of the directors, 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.

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

Summarised financial information of material associates

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

Lucky Dessert Group

	2019 *HK$'000*	2018 *HK$'000*
Current assets	**141**	553
Non-current assets	**6,785**	87,031
Current liabilities	**(5,550)**	(7,367)
Non-current liabilities	**(1,695)**	(21,748)
	(319)	58,469

	2019 *HK$'000*	2018 *HK$'000*
Revenue	**899**	891
Loss for the year	**(58,693)**	(39,164)
Other comprehensive expenses for the year	**(95)**	(3,308)
Total comprehensive expenses for the year	**(58,788)**	(42,472)

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

	2019 *HK$'000*	2018 *HK$'000*
Net (liabilities)/assets of Lucky Dessert Group	**(319)**	58,469
Proportion of the Group's ownership interests in Lucky Dessert Group	**49%**	49%
Carrying amount of the Group's interests in Lucky Dessert Group	**–**	28,650

The Group has discontinued recognition of its share of losses of Lucky Dessert Group when applying the equity method. The unrecognised share of losses of Lucky Dessert Group, both for the year and cumulatively, are set out below:

	2019 *HK$'000*	2018 *HK$'000*
Unrecognised share of losses of Lucky Dessert Group, both for the year and cumulatively	**156**	–

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

Summarised financial information of material associates (Continued)

Marvel Miracle

	2019	2018
	HK$'000	*HK$'000*
Non-current assets	**45,240**	70,270
Current liabilities	**(8)**	(8)
	45,232	70,262

	2019	2018
	HK$'000	*HK$'000*
Revenue	**–**	–
Loss for the year	**(25,029)**	(12,543)
Other comprehensive income for the year	**–**	–
Total comprehensive expenses for the year	**(25,029)**	(12,543)

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

	2019	2018
	HK$'000	*HK$'000*
Net assets of Marvel Miracle	**45,232**	70,262
Proportion of the Group's ownership interest in Marvel Miracle	**9%**	15%
Carrying amount of the Group's interest in Marvel Miracle	**4,071**	10,539

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

Summarised financial information of associates that are not individually material, in aggregate

The summarised 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
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
Carrying amount of the Group's interests in immaterial associates	–

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

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

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 2020 (2018: 29 April 2019).

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

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

Details of the impairment assessment of loan and amount due from associates are set at in note 6(b) to the consolidated financial statements.

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

	2019	2018
	HK$'000	*HK$'000*
Costs of investments in joint ventures	**–**	11,621
Share of post-acquisition loss and other comprehensive expenses, net	**–**	(1,082)
Transfer to interests in associates *(Note)*	**–**	(10,539)
	–	–

Note:

On 30 November 2019, the Group entered into an agreement with the joint venture partner of Marvel Miracle in respect of the disposal of 15% equity interest in 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 completion of the disposal, the remaining 15% equity interest in Marvel Miracle was reclassified from interests in joint ventures to interests in associates.

Summarised financial information of material joint ventures

Marvel Miracle

	2018
	HK$'000
Non-current assets	70,270
Current liabilities	(8)
	70,262

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

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

Summarised financial information of material joint ventures (Continued)

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

	2018 *HK$'000*
Net assets of Marvel Miracle	70,262
Proportion of the Group's ownership interest in Marvel Miracle	15%
Carrying amount of the Group's interest in Marvel Miracle	10,539

Summarised financial information of joint ventures that are not individually material, in aggregate

The summarised 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:

	2019 ***HK$'000***	2018 *HK$'000*
The Group's share of loss	**–**	78
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive expenses	**–**	78

	2019 ***HK$'000***	2018 *HK$'000*
Carrying amount of the Group's interests in immaterial joint ventures	**–**	–

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

Summarised financial information of joint ventures that are not individually material, in aggregate (Continued)

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

	2019	2018
	HK$'000	*HK$'000*
Unrecognised share of losses of joint ventures		
At 1 January	**7,245**	2,121
For the year	**13**	5,124
Disposal and deregistration of joint ventures	**(7,258)**	–
At 31 December	**–**	7,245

During the year ended 31 December 2019, the Group disposed of and deregistered all the joint ventures that are not individually material. As a result, a gain on disposal of HK$117,000 was recognised in profit or loss during the year. In addition, no gain or loss was recognised in respect of deregistration of other joint ventures that are not individually material.

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

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

Details of the impairment assessment of amounts due from joint ventures are set out in note 6(b) to the consolidated financial statements.

22. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Food and beverages	**377**	306
Wines	**307,613**	289,630
	307,990	289,936

23. LOAN AND INTEREST RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**2,042**	54,056
Interest receivables	**699**	1,333
	2,741	55,389
Less: impairment allowance under ECL	**(257)**	(172)
	2,484	55,217
Loan receivables analysed for reporting purpose as:		
Non-current assets	**–**	4,460
Current assets	**2,484**	50,757
	2,484	55,217

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 properties and equity securities 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 numbers of independent individuals and corporate entities and, 53% (2018: 98%) of the balances are secured by the collaterals as at 31 December 2019.

The loans provided to debtors bore fixed interest rate ranging from 3% to 36% (2018: 3% to 36%) per annum and will be repayable on maturity with a maturity period ranged from 1 month to 1 year (2018: 1 month to 5 years).

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

	2019 ***HK$'000***	2018 *HK$'000*
Within one year	**2,484**	50,757
After one year but within two years	**–**	3,868
After two years but within five years	**–**	592
	2,484	55,217

23. LOAN AND INTEREST RECEIVABLES (Continued)

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

	2019 HK$'000	2018 HK$'000
At 1 January	**172**	4,172
Provided (reversed) during the year	**85**	(4,000)
At 31 December	**257**	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$257,000 (2018: HK$172,000) related to customers that are in severe financial difficulties.

Details of the impairment assessment of loan and interest receivables are set out in note 6(b) to the consolidated financial statements.

24. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Non-current		
Rental deposits	**205**	6
Current		
Trade receivables	**44,653**	19,600
Less: impairment allowance under ECL	**(80)**	–
Trade receivables, net	**44,573**	19,600
Prepayments, deposits and other receivables *(a) (Note 28)*	**55,274**	3,498
Deposit paid for acquisition of a subsidiary *(b)*	**5,000**	–
	60,274	3,498
	104,847	23,098

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

Notes:

(a) Included in the balance as at 31 December 2019, there was approximately HK$1,628,000 (2018: HK$1,664,000) from a non-controlling interest. The amount was interest-free, unsecured and repayable on demand.

(b) The amount represented refundable deposit paid and partial payment for the acquisition of a subsidiary *(Note 42(a))*.

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

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**43,148**	17,905
31 – 60 days	**1,146**	1,304
61 – 90 days	**166**	259
Over 90 days	**113**	132
	44,573	19,600

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.

Details of the impairment assessment of trade receivables, deposits and other receivables are set out in note 6(b) to the consolidated financial statements.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 *HK$'000*	2018 *HK$'000*
Listed investments		
– Equity securities listed in Hong Kong	**–**	8,338
Contingent consideration receivables *(Note)*	**–**	–
	–	8,338

Note:

Contingent consideration receivable represents the profit guarantee arising from the acquisition of Palinda Holding Group Limited ("Palinda Holding") and its wholly owned subsidiary, Palinda Wines (H.K.) Limited ("Palinda HK") (collectively referred to as the "Palinda Group") on 22 January 2019, details of the conditions of profit guarantee and the acquisition of Palinda Holding are disclosed in note 36 to the consolidated financial statements.

Contingent consideration receivable has been designated as financial assets at FVTPL upon initial recognition and measured at fair value. The movement of fair value of contingent consideration receivable is as follows:

	HK$'000
At 1 January 2019	–
Arising from business combination	181
Loss on fair value change	(181)
At 31 December 2019	–

As Palinda HK, being the entity subject to the profit guarantee, has satisfied that condition of the profit guarantee as set out in the Palinda SPA (as defined in note 36), the Group recorded a loss on fair value change in respect of the contingent consideration receivable included in "(loss) gain on fair value of financial assets at fair value through profit or loss, net" during the year ended 31 December 2019.

26. BANK BALANCES AND CASH

Cash at banks carries interest at prevailing market rates and is placed with credit worthy banks with no recent history of default.

Details of the impairment assessment of bank balances are set out in note 6(b) to the consolidated financial statements.

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

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**9,179**	5,786
Other payables	**4,355**	1,844
Accruals	**9,651**	9,918
Deposits received	**2,553**	2,112
	16,559	13,874
	25,738	19,660

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

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

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**8,069**	5,023
31 – 60 days	**898**	727
Over 60 days	**212**	36
	9,179	5,786

28. BORROWINGS / PROMISSORY NOTES

	2019 *HK$'000*	2018 *HK$'000*
Borrowings		
Instalment loans	**9,080**	12,783
Bank overdrafts	**5,901**	8,880
Other borrowing	**–**	10,000
	14,981	31,663
Promissory notes, represented as:		
Non-current liabilities	**74,141**	67,689
Current liabilities	**5,147**	–
	79,288	67,689

Borrowings

As at 31 December 2019 and 2018, the facility agreements of instalment loans and bank overdrafts contained repayment on demand clauses pursuant to which the banks could at their discretion demand repayment of the entire outstanding balances from the Group in the absence of any defaults. The whole balance is therefore recognised under current liabilities.

	2019 *HK$'000*	2018 *HK$'000*
Carrying amount (shown under current liabilities) of the Group's borrowings that contain repayable on demand clause based on scheduled repayment terms:		
– Within one year	**6,325**	19,394
– After one year but within two years	**434**	524
– After two years but within five years	**1,359**	1,648
– More than five years	**6,863**	10,097
	14,981	31,663

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 2019 and 2018.

Bank overdrafts carried interest at the best lending rate of the bank minus 2.5% per annum as at 31 December 2019 and 2018.

Other borrowing carried interest at a fixed rate of 6% per annum as at 31 December 2018 and was repaid during the year ended 31 December 2019.

28. BORROWINGS / PROMISSORY NOTES (Continued)

Borrowings (Continued)

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

	2019 *HK$'000*	2018 *HK$'000*
Instalment loans	**2.15%**	2.275%
Bank overdrafts	**2.50%**	2.875%
Other borrowing	**–**	6%

As at 31 December 2019, the Group had aggregate banking facilities of approximately HK$15,000,000 (2018: HK$27,860,000), of which none of the available banking facilities (2018: approximately HK$5,620,000) were unutilised. These banking facilities are secured by:

(a) investment properties with carrying values of approximately HK$25,488,000 (2018: HK$26,167,000) as at 31 December 2019 and their respective rental income generated;

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

(c) unlimited guarantees by a non-controlling shareholder and director of certain subsidiaries; and

(d) unlimited corporate guarantee from a non-wholly owned subsidiary of the Group.

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

Promissory Notes

	2019 Promissory Note A *HK$'000*	2019 Promissory Note B *HK$'000*	2019 Promissory Note C *HK$'000*	2019 Promissory Note D *HK$'000*	2019 Promissory Note E *HK$'000*	2018 Promissory Note A *HK$'000*	2018 Promissory Note B *HK$'000*	Total *HK$'000*
At 1 January 2018	–	–	–	–	–	–	–	–
Issue of promissory notes	–	–	–	–	–	62,029	41,800	103,829
Interest charge for the year *(Note 10)*	–	–	–	–	–	440	277	717
Repayment of promissory notes	–	–	–	–	–	(36,857)	–	(36,857)
At 31 December 2018 and at 1 January 2019	**–**	**–**	**–**	**–**	**–**	**25,612**	**42,077**	**67,689**
Issue of promissory notes	**17,438**	**8,842**	**8,842**	**51,598**	**28,616**	**–**	**–**	**115,336**
Interest charge for the year *(Note 10)*	**1,505**	**462**	**462**	**3,376**	**530**	**281**	**775**	**7,391**
Loss on early redemption for the year *(Note 9)*	**1,899**	**829**	**829**	**1,349**	**–**	**–**	**–**	**4,906**
Repayment of promissory notes including interest	**(20,842)**	**(10,133)**	**(10,133)**	**(11,328)**	**–**	**(25,893)**	**(37,705)**	**(116,034)**
At 31 December 2019	**–**	**–**	**–**	**44,995**	**29,146**	**–**	**5,147**	**79,288**

28. BORROWINGS / PROMISSORY NOTES (Continued)

Promissory Notes (Continued)

2019 Promissory Note A

The Group issued promissory note denominated in Hong Kong dollar with the principal amount of approximately HK$20,251,000 as part of the considerations for the acquisition of Palinda Holding. 2019 Promissory Note A carry interest at 4% per annum and mature on the second anniversary from the date of issue.

Based on the valuation carried out by a firm of independent professional valuers, the fair value of 2019 Promissory Note A at the date of issue is approximately HK$17,438,000 with effective interest rate of 12% per annum.

On 31 August 2019, 4 November 2019 and 27 December 2019, aggregate principal amount of approximately HK$10,251,000, HK$5,000,000 and HK$5,000,000 respectively and accrued interest thereon were early redeemed by the Group. Loss on early redemption of approximately HK$1,045,000, HK$452,000 and HK$402,000 was recognised in profit or loss on the respective dates.

2019 Promissory Note B

The Group issued promissory note denominated in Hong Kong dollar with the principal amount of HK$9,900,000 as the consideration for the acquisition of Irving Global Limited ("Irving Global"). 2019 Promissory Note B carry interest at 5% per annum and mature on the second anniversary from the date of issue.

Based on the valuation carried out by a firm of independent professional valuers, the fair value of 2019 Promissory Note B at the date of issue is approximately HK$8,842,000 with effective interest rate of 11.55% per annum.

On 19 August 2019, an aggregate principal amount of HK$9,900,000 and accrued interest thereon was early redeemed by the Group and, loss on early redemption of approximately HK$829,000 was recognised in profit or loss.

2019 Promissory Note C

The Group issued promissory note denominated in Hong Kong dollar with the principal amount of HK$9,900,000 as the consideration for the acquisition of Happy Profit Global Limited ("Happy Profit"). 2019 Promissory Note B carry interest at 5% per annum and mature on the second anniversary from the date of issue.

Based on the valuation carried out by a firm of independent professional valuers, the fair value of 2019 Promissory Note C at the date of issue is approximately HK$8,842,000 with effective interest rate of 11.55% per annum.

On 19 August 2019, an aggregate principal amount of HK$9,900,000 and accrued interest thereon was early redeemed by the Group and, loss on early redemption of approximately HK$829,000 was recognised in profit or loss.

28. BORROWINGS / PROMISSORY NOTES (Continued)

Promissory Notes (Continued)

2019 Promissory Note D

The Company issued promissory note denominated in Hong Kong dollar with the principal amount of HK$60,320,000 as the consideration for entering into a master supply agreement, pursuant to which an independent third party, as the supplier agreed to supply and, the Company, as the customer, agreed to source wines including but not limited to red wine, white wine, sparkling wine or any kind of alcoholic drinks made from fermented grapes, under a measurable unit of 750 milliliter per bottle (the "Goods"). The Goods can be supplied partially and shall be supplied to the Company upon request, the supplier shall deliver the Goods at its own cost to a designated location of the Company or its assigned party.

2019 Promissory Note D carry interest at 5% per annum and mature on the third anniversary from the date of issue. Based on the valuation carried out by a firm of independent professional valuers, the fair value of 2019 Promissory Note D at the date of issue is approximately HK$51,598,000 with effective interest rate of 11% per annum, and the Group recognised prepayment for the Goods of approximately HK$51,598,000.

On 19 August 2019, an aggregate principal amount of HK$10,320,000 and accrued interest thereon was early redeemed by the Group and, loss on early redemption of approximately HK$1,349,000 was recognised in profit or loss.

2019 Promissory Note E

The Company issued promissory note denominated in Hong Kong dollar with the principal amount of approximately HK$28,616,000 to a company owned by the director of a subsidiary of the Company for cash for general working capital purposes. 2019 Promissory Note E carry interest at 2% per annum and mature on the second anniversary from the date of issue.

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.

During the year ended 31 December 2019, an aggregate principal amount of approximately HK$25,893,000 (2018: HK$36,857,000) and accrued interest thereon was early redeemed by the Group.

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.

During the year ended 31 December 2019, an aggregate principal amount of approximately HK$37,705,000 (2018: nil) and accrued interest thereon was early redeemed by the Group.

29. LEASE LIABILITIES

	At 31 December 2019 *HK$'000*
Lease liabilities payables:	
Within one year	**1,082**
Within a period of more than one year but not more than two years	**852**
	1,934
Less: Amount due for settlement with 12 months shown under current liabilities	**(852)**
Amount due for settlement after 12 months shown under non-current liabilities	**1,082**

All of the Group's lease obligations are denominated in Hong Kong dollar.

30. DEFERRED TAX

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

	2019 *HK$'000*	2018 *HK$'000*
Deferred tax assets	**–**	29
Deferred tax liabilities	**–**	–
	–	29

30. 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 2018	29	5,557	5,586
Credited to profit or loss	–	(5,334)	(5,334)
Disposal of subsidiaries *(Note 37)*	–	(223)	(223)
At 31 December 2018 and 1 January 2019	**29**	**–**	**29**
Credited to profit or loss	**(29)**	**–**	**(29)**
At 31 December 2019	**–**	**–**	**–**

	Accelerated tax depreciation *HK$'000*	**Unrealised gain on financial assets at FVTPL** *HK$'000*	**Total** *HK$'000*
Deferred tax liabilities			
At 1 January 2018	(223)	(5,334)	(5,557)
Charged to profit or loss	–	5,334	5,334
Disposal of subsidiaries *(Note 37)*	223	–	223
At 31 December 2018, 1 January 2019 and 31 December 2019	**–**	**–**	**–**

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.

31. SHARE CAPITAL

	Nominal value per share	Number of shares	Nominal value *HK$'000*
Authorised share capital:			
At 1 January 2018, 31 December 2018 and 1 January 2019	HK$0.01	10,000,000,000	100,000
Share consolidation *(Note (v))*	N/A	(9,000,000,000)	–
At 31 December 2019	HK$0.10	1,000,000,000	100,000
Issued and fully paid:			
At 1 January 2018	HK$0.01	2,107,113,312	21,071
Issue of shares upon exercise of share options *(Note (i))*	HK$0.01	20,741,331	208
At 31 December 2018 and at 1 January 2019	HK$0.01	2,127,854,643	21,279
Issue of shares upon exercise of share options *(Note (ii))*	HK$0.01	212,785,460	2,128
Issue of consideration shares *(Note (iii))*	HK$0.01	425,568,000	4,255
Issue of shares under rights issue *(Note (iv))*	HK$0.01	461,434,040	4,614
Placing of unsubscribed rights shares *(Note (iv))*	HK$0.01	921,670,005	9,217
Share consolidation *(Note (v))*	N/A	(3,734,380,934)	–
At 31 December 2019	HK$0.10	414,931,214	41,493

31. SHARE CAPITAL (Continued)

Notes:

(i) During the year ended 31 December 2018, 20,741,331 share options had been exercised by a holder of the share options 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. Details of the share options are set out in note 32 to the consolidated financial statements.

(ii) During the year ended 31 December 2019, 148,949,822 share options and 63,835,638 share options had been exercised by holders of the share options at exercise price of HK$0.042 per option and HK$0.0652 per option, respectively to subscribe for 212,785,460 ordinary shares of the Company at a total aggregated consideration of approximately HK$10,419,000. Details of the share options are set out in note 32 to the consolidated financial statements.

(iii) On 22 January 2019, the Company issued 425,568,000 ordinary shares to Ms. Huang Wei, being the vendor for the acquisition of Palinda Holding (who was appointed as executive director of the Company subsequent to the acquisition of Palinda Holding on 12 August 2019), as part of the consideration for the acquisition of Palinda Holding.

(iv) On 11 June 2019, the Company proposed the rights issue to the members of the Company on the basis of one ordinary share for every two ordinary shares at the subscription price of HK$0.0248 per rights share (the "Rights Issue"), the number of shares under the rights issue is up to 1,383,104,051 ("Rights Shares"). On the same day, the Company entered into a placing arrangement with the bookrunner, who shall act as a placing agent and the bookrunner, to procure independent places in respect of the unsubscribed shares under the rights issue ("Unsubscribed Rights Shares") (the "Placing").

As at 14 August 2019, being the latest time for the Rights Issue and the Placing to become unconditional, the Company received applications and acceptances in respect of a total of 461,434,040 Rights Shares and, the 921,670,005 Unsubscribed Rights Shares was placed to not less than six places at the placing price of HK$0.0248 per Unsubscribed Rights Shares.

Both the Rights Issue and the Placing were completed on 21 August 2019 and the aggregate gross proceeds of approximately HK$34,301,000 was intended for the repayment of the Group's promissory notes and general working capital purpose, after net of related share issuing expenses.

(v) At an extraordinary general meeting of the Company held on 29 August 2019, a resolution was passed to approve the share consolidation on the basis that every existing 10 issued and unissued shares of par value of HK$0.01 each in the share capital of the Company consolidated into one shares of par value of HK$0.10 each in the share capital of the Company. The share consolidation was completed and effective on 2 September 2019.

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

32. SHARE OPTION SCHEME

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

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

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

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

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.

32. SHARE OPTION SCHEME (Continued)

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.

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.

No share options had been granted and remained outstanding under the Share Option Scheme as at 31 December 2019.

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, represented 3% of the shares of the Company in issue.

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**
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
11 January 2019	N/A	1 year from the date of grant	HK$0.042	N/A	HK$0.042

32. 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$*	Exercise period	Vesting period	Balance as at 1 January 2018	Granted during the year	Exercised during the year	Cancelled during the year	Balance as at 31 December 2018 and at 1 January 2019	Granted during the year	Exercised during the year	Balance as at 31 December 2019
Employees	11 January 2019	0.0420	1 year from the date of grant	N/A	–	–	–	–	–	42,557,092	(42,557,092)	–
Individuals and companies	23 February 2018	0.1830	1 year from the date of grant	N/A	–	20,741,331	(20,741,331)	–	–	–	–	–
	16 November 2018	0.1496	1 year from the date of grant	N/A	–	21,278,546	–	(21,278,546)	–	–	–	–
	17 December 2018	0.0652	1 year from the date of grant	N/A	–	63,835,638	–	–	63,835,638	–	(63,835,638)	–
	11 January 2019	0.0420	1 year from the date of grant	N/A	–	–	–	–	–	106,392,730	(106,392,730)	–
					–	105,855,515	(20,741,331)	(21,278,546)	63,835,638	148,949,822	(212,785,460)	–
Exercisable at the end of the reporting period									63,835,638			–
Weighted avergae exercise price (HK$)					–	0.1052	0.1830	0.1496	0.0652	0.0420	0.0490	–

In respect of the share options exercised during the year, the weighted average share price at the date of exercise is HK$0.045 (2018: HK$0.185) and the weighted average share price at the dates immediately before the exercise is HK$0.049 (2018: HK$0.183).

During the year ended 31 December 2019 and 2018, no share options were lapsed nor forfeited.

32. SHARE OPTION SCHEME (Continued)

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

Date of grant	**11 January 2019**	**17 December 2018**	**23 February 2018**
Closing share price at the date of grant	HK$0.042	HK$0.063	HK$0.183
Exercise price	HK$0.042	HK$0.0652	HK$0.183
Expected volatility	100%	96%	61%
Expected life	1 year	1 year	1 year
Risk-fee rate	1.57%	1.9%	0.79%
Expected dividend yield	0%	0%	0%
Fair value of the options grant	HK$2,979,000	HK$830,000	HK$1,276,000

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 the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of approximately HK$2,979,000 for the year ended 31 December 2019 (2018: HK$2,106,000) in relation to share options granted by the Company.

33. OPERATING LEASE COMMITMENTS

As lessee

At 31 December 2018, the Group leased office premises and warehouses under operating lease arrangements. Leases are negotiated for terms ranging from one to three years. Rentals were fixed at the inception of the leases.

At 31 December 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 *HK$'000*
Within one year	846
In the second to fifth years inclusive	6
	852

33. OPERATING LEASE COMMITMENTS (Continued)

As lessor

Property rental income earned during the year was HK$642,000 (2018: HK$642,000). The remaining properties are expected to generate rental yields of 2.5% (2018: 2.4%) on an ongoing basis. All of the properties held have committed tenants for the next year (2018: next 2 years).

At 31 December 2018, the Group had contracted with tenants for the following future minimum lease payments:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**161**	642
In the second to fifth year inclusive	**–**	161
	161	803

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$1,679,000 (2018: HK$1,689,000) 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	**2019** ***HK$'000***	2018 *HK$'000*
Interest income received from loan to an associate	*i*	**179**	181
Interest expenses paid to related parties	*ii*	**1,586***	717*
Consultancy fee income received from an associate	*iii*	**125**	163
Management fee income received from an associate	*iii*	**–**	61
Operating lease rentals paid to related companies	*iv*	**2,565***	–
Services fee expenses paid to an associate	*v*	**–**	102
Disposal of certain interest in a joint venture	*vi*	**–**	14,200
Disposal of a subsidiary to the minority shareholder of an associate	*vii*	**–**	1,000
Disposal of certain interest in a subsidiary to a minority shareholder of certain subsidiaries	*vii*	**–**	45

* These transactions also constituted connected transactions as defined under the rules governing the listing of securities on GEM of the Stock Exchange.

35. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

Notes:

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

(ii) Interest expenses was charged according to the terms of the relevant promissory notes issued by the Company. Details of which are set out in note 28 to the consolidated financial statements.

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

(iv) Operating lease rentals were paid according to the terms of the rental agreements entered between the Group and the related companies owned by the spouse of Ms. Huang Wei, the executive director and the substantial shareholder of the Company.

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

(vi) 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 21 to the consolidated financial statements.

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

(b) Compensation to key management personnel

The remuneration of the directors and other members of key management during the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
	HK$'000	*HK$'000*
Short-term benefits	**1,408**	2,776
Post-employment benefits	**25**	43
	1,433	2,819

36. ACQUISITION OF BUSINESSES

For the year ended 31 December 2019

(i) Palinda Holding

On 22 October 2018, the Group entered into an agreement for the acquisition of the entire equity interest in Palinda Holding, which directly own the entire equity interests in Palinda HK, a company engages in wholesale of wine products in Hong Kong. Palinda Holding was acquired so as to continue the expansion of the Group's wine trading business. The acquisition of Palinda Holding was completed on 22 January 2019 and had been accounted for using the acquisition method.

The consideration of HK$76,000,000 for the acquisition of Palinda Holding (the "Palinda Consideration") shall be satisfied in the following manner upon completion of the acquisition:

(i) approximately HK$55,749,000 by the issue and allotment of 425,568,000 consideration shares at the issue price of HK$0.131 per consideration share by the Company to the vendor; and

(ii) approximately HK$20,251,000 by the issue of 2019 Promissory Note A by the Group to the vendor.

	HK$'000
Consideration satisfied by:	
– Consideration shares *(a)*	**18,299**
– 2019 Promissory Note A, at fair value *(Note 28)*	**17,438**
– Profit guarantee, at fair value *(b) (Note 25)*	**(181)**
Total consideration	**35,556**

Notes:

(a) The fair value of 425,568,000 ordinary shares of the Company issued as part of the consideration for acquisition of Palinda Holding was based on the spot price of the Company's share price as at the acquisition date, which was HK$0.043 per share.

(b) Pursuant to the Palinda SPA, the vendor has irrecoverably and unconditionally guarantees to the Group that the audited net profit after tax of Palinda HK for the year ending 31 March 2019 shall be no less than HK$10,000,000 (the "Guaranteed Profits").

In case Palinda HK cannot meet the Guaranteed Profits for the year ending 31 March 2019, the vendor shall pay the shortfall to the Group within 14 business days upon the issuance of the audited financial statements of Palinda HK in accordance with HKFRSs and reported by the auditor nominated by the Group. For the avoidance of doubt, if the net profit after tax of Palinda HK shall be negative, it shall be deemed to be zero and the maximum amount of the shortfall payable by the vendor shall not exceed the amount of the Palinda Consideration.

The fair value of profit guarantee at the acquisition date, amount to approximately HK$181,000.

Acquisition-related costs of approximately HK$560,000 have been charged to "other operating expenses" in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019.

36. ACQUISITION OF BUSINESSES (Continued)

For the year ended 31 December 2019 (Continued)

(i) Palinda Holding (Continued)

Assets acquired and liabilities assumed recognised at the acquisition date are as follows:

	HK$'000
Net assets acquired, at fair value:	
Property, plant and equipment	**216**
Inventories	**14,056**
Trade receivables	**1,627**
Prepayments and deposits	**2,449**
Bank balances and cash	**1,212**
Trade payables	**(237)**
Other payables, accruals and deposits received	**(982)**
Tax payables	**(2,646)**
Total identifiable net assets	**15,695**
Goodwill arising from business combination *(Note 18)*	**19,861**
Total consideration	**35,556**

The trade receivables acquired in this acquisition had a fair value of HK$1,627,000, which was the same as the related gross contractual amount and the best estimate at acquisition date of the contractual cash flows expected to be collected.

The net cash inflows from acquisition of Palinda Holding was approximately HK$1,212,000.

Included in the Group's revenue and loss for the year are HK$102,477,000 and profit of HK$9,613,000 respectively, attributed from Palinda Group since the acquisition date.

36. ACQUISITION OF BUSINESSES (Continued)

For the year ended 31 December 2019 (Continued)

(ii) Irving Global

On 27 February 2019, the Group entered into an agreement fo the acquisition of the entire equity interest in Irving Global, which directly own the entire equity interests in Palinda Wines Limited, a company engages in sales of wine products in Hong Kong through retail stores. Irving Global was acquired so as to continue the expansion of the sales channel of the Group's wine trading business. The acquisition of Irving Global was completed on 27 February 2019 and had been accounted for using the acquisition method.

The consideration of HK$9,900,000 for the acquisition of Irving Global shall be satisfied by the issuance of 2019 Promissory Note B.

	HK$'000
2019 Promissory Note B, at fair value *(Note 28)*	**8,842**

Assets acquired and liabilities assumed recognised at the acquisition date are as follows:

	HK$'000
Net assets acquired, at fair value:	
Property, plant and equipment	**232**
Inventories	**341**
Trade receivables	**55**
Prepayments and deposits	**891**
Bank balances and cash	**606**
Trade payables	**(74)**
Other payables, accruals and deposits received	**(1,492)**
Tax payables	**(201)**
Total identifiable net assets	**358**
Goodwill arising from business combination *(Note 18)*	**8,484**
Total consideration	**8,842**

The trade receivables acquired in this acquisition had a fair value of HK$55,000, which was the same as the related gross contractual amount and the best estimate at acquisition date of the contractual cash flows expected to be collected.

The net cash inflows from acquisition of Irving Global was approximately HK$606,000.

Included in the Group's revenue and loss for the year are HK$5,673,000 and profit of HK$108,000 respectively, attributed from Irving Global and its subsidiary since the acquisition date.

36. ACQUISITION OF BUSINESSES (Continued)

For the year ended 31 December 2019 (Continued)

(iii) Happy Profit

On 27 February 2019, the Group entered into an agreement for the acquisition of the entire equity interest in Happy Profit, which directly own 99.62% equity interests in Phini Holdings Limited, a company engages in sales of wine and ancillary wine-related products in Hong Kong by way of consignment. Happy Profit was acquired so as to expand the product mix of the Group wine trading business. The acquisition of Happy Profit was completed on 27 February 2019 and had been accounted for using the acquisition method.

The consideration of HK$9,900,000 for the acquisition of Happy Profit shall be satisfied by the issuance of 2019 Promissory Note C.

	HK$'000
2019 Promissory Note C, at fair value *(Note 28)*	**8,842**

Assets acquired and liabilities assumed recognised at the acquisition date are as follows:

	HK$'000
Net assets acquired, at fair value:	
Property, plant and equipment	**4**
Inventories	**433**
Trade receivables	**2,272**
Prepayments and deposits	**73**
Bank balances and cash	**707**
Trade payables	**(1,002)**
Other payables, accruals and deposits received	**(2,141)**
Tax payables	**(199)**
Total identifiable net assets	**147**
Less: Non-controlling interests	**(132)**
Goodwill arising from business combination *(Note 18)*	**8,827**
Total consideration	**8,842**

36. ACQUISITION OF BUSINESSES (Continued)

For the year ended 31 December 2019 (Continued)

(iii) Happy Profit (Continued)

The trade receivables acquired in this acquisition had a fair value of HK$2,272,000, which was the same as the related gross contractual amount and the best estimate at acquisition date of the contractual cash flows expected to be collected.

In addition, the non-controlling interests of Happy Profit was recognised at their proportionate share of identifiable net assets acquired.

The net cash inflows from acquisition of Happy Profit was approximately HK$707,000.

Included in the Group's revenue and loss for the year are HK$1,590,000 and profit of HK$265,000 respectively, attributed from Happy Profit and its subsidiary since the acquisition date.

Goodwill arose in these acquisitions because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of acquired businesses. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Had these business been consolidated on 1 January 2019, the Group's revenue and loss for the year would have been approximately HK$248,302,000 and HK$51,104,000 respectively. The directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and loss for the year, the directors have calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for these business combinations rather than the carrying amounts recognised in the pre-acquisition financial statements.

37. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2019

(i) ACE Kinetic Limited ("ACE Kinetic")

On 30 April 2019, the Group further disposed of its 70% equity interest in ACE Kinetic at cash consideration of HK$7,000. The disposal of ACE Kinetic was completed on 30 April 2019 and upon completion of the disposal, ACE Kinetic ceased to be a non-wholly owned subsidiary of the Group. The net liabilities disposed of are as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	**8**
Trade receivables	**7**
Prepayments and deposits	**172**
Bank balances and cash	**69**
Trade payables	**(69)**
Other payables and accruals	**(76)**
Amounts due to related companies	**(607)**
Net liabilities disposed of	**(496)**

Gain on disposal of ACE Kinetic

	HK$'000
Cash consideration	**7**
Net liabilities disposed of	**496**
Non-controlling interests	**(149)**
Gain on disposal	**354**

37. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2019 (Continued)

(i) ACE Kinetic (Continued)

Net cash outflow arising from disposal of ACE Kinetic

	HK$'000
Consideration received	**7**
Less: bank balances and cash disposed of	**(69)**
Net cash outflow	**(62)**

(ii) Tong Chao Development Limited ("Tong Chao")

On 30 April 2019, the Group disposed of its 68% equity interest in Tong Chao, which in turns hold 50% equity interest in its non-wholly owned subsidiary, together with the assignment of sale loan at cash consideration of HK$400,000. The disposal of Tong Chao was completed on 30 April 2019 and upon completion of the disposal, Tong Chao and its subsidiary ceased to be non-wholly owned subsidiaries of the Group. The net assets disposed of are as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Trade receivables	**284**
Prepayments and deposits	**1**
Bank balances and cash	**574**
Trade payables	**(95)**
Other payables and accruals	**(16)**
Amounts due to non-controlling interests	**(245)**
Amount due to immediate holding company	**(314)**
Tax payables	**(21)**
Net assets disposed of	**168**

37. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2019 (Continued)

(ii) Tong Chao (Continued)

Gain on disposal of Tong Chao

	HK$'000
Cash consideration	400
Net assets disposed of	(168)
Non-controlling interests	124
Amount due to immediate holding company assigned to purchaser	(314)
Gain on disposal	42

Net cash outflow arising from disposal of Tong Chao

	HK$'000
Consideration received	400
Less: bank balances and cash disposed of	(574)
Net cash outflow	(174)

37. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2019 (Continued)

(iii) Food Idea Capital Limited ("Food Idea Capital")

On 2 April 2019, the Group disposed of its entire equity interest in Food Idea Capital, together with the assignment of sale loan at an aggregate cash consideration of HK$13,380,000. The disposal of Food Idea Capital was completed on 31 May 2019 and upon completion of the disposal, Food Idea Capital ceased to be a wholly-owned subsidiary of the Group. The net liabilities disposed of are as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	**12,061**
Prepayments and deposits	**16**
Amount due to immediate holding company	**(12,665)**
Net liabilities disposed of	**(588)**

Gain on disposal of Food Idea Capital

	HK$'000
Cash consideration	**13,380**
Net liabilities disposed of	**588**
Amount due to immediate holding company assigned to purchaser	**(12,665)**
Expenses in relation to the disposal incurred by the Group	**(233)**
Gain on disposal	**1,070**

Net cash inflow arising from disposal of Food Idea Capital

	HK$'000
Consideration received	**13,380**
Less: expenses in relation to the disposal incurred by the Group	**(233)**
Net cash inflow	**13,147**

37. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2019 (Continued)

(iv) Food Idea Investment Limited ("Food Idea Investment")

On 31 December 2019, the Group disposed of its entire equity interest in Food Idea Investment, which in turns own the entire equity interest in a subsidiary incorporated in the PRC with limited liability at cash consideration of HK$1. The disposal of Food Idea Investment was completed on 31 December 2019 and upon completion of the disposal, Food Idea Investment and its subsidiary ceased to be wholly owned subsidiaries of the Group. The net liabilities disposed of are as follows:

Analysis of assets and liabilities over which control was lost:

	HK$'000
Prepayments and other receivables	**3**
Bank balances and cash	**10**
Other payables and accruals	**(17)**
Net liabilities disposed of	**(4)**

Gain on disposal of Food Idea Investment

	HK$'000
Cash consideration	**–**
Net liabilities disposed of	**4**
Reclassification of foreign currency translation reserve upon disposal of subsidiaries	**40**
Gain on disposal	**44**

The net cash outflow arising from the disposal of Food Idea Investment is approximately HK$10,000.

37. DISPOSAL OF SUBSIDIARIES (Continued)

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

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.

37. 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

37. 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

37. 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

On 3 April 2018, the Group disposed of 30% equity 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

37. 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

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The tables below detail 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 changes					
	At 1 January 2019	Financing cash flows	New lease entered	Prepayment for inventories	Interest expenses incurred	Loss on early redemption of promissory notes	Acquisition of businesses	At 31 December 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings (excluding bank overdrafts)	22,783	(13,703)	–	–	–	–	–	9,080
Promissory notes	67,689	(87,418)	–	51,598	7,391	4,906	35,122	79,288
Lease liabilities	–	(325)	2,210	–	49	–	–	1,934
	90,472	(101,446)	2,210	51,598	7,440	4,906	35,122	90,302

			Non-cash change	
	At 1 January 2018	Financing cash flows	Interest expense incurred	At 31 December 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings (excluding bank overdrafts)	9,897	12,886	–	22,783
Promissory notes	–	66,972	717	67,689
	9,897	79,858	717	90,472

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2019 *HK$'000*	2018 *HK$'000*
Non-current assets		
Investment in subsidiaries	**20**	10
Property, plant and equipment	**8**	12
	28	22
Current assets		
Prepayments	**242**	182
Amounts due from subsidiaries	**373,738**	374,678
Bank balances and cash	**189**	139
	374,169	374,999
Current liabilities		
Other payables and accruals	**2,055**	1,726
Amount due to a subsidiary	**24**	–
Promissory notes	**5,147**	–
	7,226	1,726
Net current assets	**366,943**	373,273
Total assets less current liabilities	**366,971**	373,295
Non-current liability		
Promissory notes	**74,141**	67,689
Net assets	**292,830**	305,606
Capital and reserves		
Share capital	**41,493**	21,279
Reserves	**251,337**	284,327
Total equity	**292,830**	305,606

39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium *HK$'000*	Share options reserve *HK$'000*	Capital reserve *HK$'000* *(Note)*	Accumulated losses *HK$'000*	Total equity *HK$'000*
At 1 January 2018	613,622	–	12,706	(234,236)	392,092
Loss and total comprehensive expenses for the year	–	–	–	(113,459)	(113,459)
Recognition of equity-settled share based payments *(Note 32)*	–	2,106	–	–	2,106
Issue of shares upon exercise of share options *(Note 32)*	4,418	(830)	–	–	3,588
At 31 December 2018 and 1 January 2019	**618,040**	**1,276**	**12,706**	**(347,695)**	**284,327**
Loss and total comprehensive expenses for the year	**–**	**–**	**–**	**(77,512)**	**(77,512)**
Recognition of equity-settled share based payments *(Note 32)*	**–**	**2,979**	**–**	**–**	**2,979**
Issue of consideration shares	**14,044**	**–**	**–**	**–**	**14,044**
Issue of new shares upon rights issue	**6,829**	**–**	**–**	**–**	**6,829**
Placing of unsubscribed rights shares	**13,641**	**–**	**–**	**–**	**13,641**
Issue of shares upon exercise of share options *(Note 32)*	**12,546**	**(4,255)**	**–**	**–**	**8,291**
Share issuing expenses	**(1,262)**	**–**	**–**	**–**	**(1,262)**
At 31 December 2019	**663,838**	**–**	**12,706**	**(425,207)**	**251,337**

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.

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of subsidiaries of the Company as at 31 December 2019 and 2018 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 Group		Principal activities
			2019		2018		2019	2018	
			Direct	Indirect	Direct	Indirect			
ACE Kinetic	Hong Kong	HK$10,000	**–**	**–**	–	70%	**–**	100%	Sales and distribution of food products
Avis Glory Limited	BVI	US$1	**–**	**–**	–	100%	**–**	100%	Investment holding
Arrow Vision Limited	BVI	US$1	**100%**	**–**	100%	–	**100%**	100%	Investment holding
Brilliant Forever Limited	BVI	US$1	**–**	**100%**	–	100%	**100%**	100%	Investment holding
CF Food and Beverage Limited ("CF F&B") *(Note (ii))*	Hong Kong	HK$10,000	**–**	**–**	–	34%	**–**	67%	Sales and distribution of food products
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
Excellent Catering Management Limited ("Excellent Catering") *(Note i)*	Hong Kong	HK$10,000	**–**	**48%**	–	48%	**60%**	60%	Production, sales and distribution of food products
Food Idea Capital	Hong Kong	HK$10,000	**–**	**–**	–	100%	**–**	100%	Property holding
Food Idea Food Trading Limited	Hong Kong	HK$1	**–**	**100%**	–	100%	**100%**	100%	Securities investment
Food Idea Group Limited	BVI	US$1	**100%**	**–**	100%	–	**100%**	100%	Investment holding
Food Idea Investment	Hong Kong	HK$1	**–**	**–**	–	100%	**–**	100%	Investment holding
Food Idea Property Limited	Hong Kong	HK$10,000	**–**	**–**	–	100%	**–**	100%	Investment holding
Food Idea Wine Limited	Hong Kong	HK$10,000	**100%**	**–**	100%	–	**100%**	100%	In the process of deregistration
Happy Credit Limited	Hong Kong	HK$1	**100%**	**–**	100%	–	**100%**	100%	Money lending
Happy Profit	BVI	US$1	**–**	**100%**	–	–	**100%**	–	Investment holding

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (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 Group		Principal activities
			2019		2018		2019	2018	
			Direct	Indirect	Direct	Indirect			
Irving Global	BVI	US$10,000	–	100%	–	–	100%	–	Investment holding
Lucky Dessert Singapore Pte. Ltd.	Singapore	Singapore Dollar 100	–	51%	–	51%	50%	67%	Deregistered subsequent to the end of the reporting period
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
Palinda HK	Hong Kong	HK$10,000	–	100%	–	–	100%	–	Trading of wine products
Palinda Holding	BVI	US$6,000	–	100%	–	–	100%	–	Investment holding
Palinda Investment Company Limited	Hong Kong	HK$10,000	100%	–	100%	–	100%	100%	Investment holding
Palinda Wines Limited	Hong Kong	HK$100	–	100%	–	–	100%	–	Retailing of wine products
Phini Holdings Limited	Hong Kong	HK$210,000	–	99.62%	–	–	100%	–	Trading of wine and ancillary wine-relate products
Tong Chao	Hong Kong	HK$1,000	–	–	–	68%	–	67%	Investment holding
新煮意(深圳)貿易有限公司 (Food Idea (Shenzhen) Trading Limited*)	The PRC	HK$2,100,000	–	–	–	100%	–	100%	Inactive

* *for identification purposes only*

All subsidiaries are companies incorporated with limited liability in their respective place of incorporation.

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.

Notes:

(i) Lucky Great held 58% equity interests in both Nicecity and Excellent Catering, a non-wholly owned subsidiary of the Group which the Group hold 83% equity interest. 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 up until the date of disposal of Tong Chao as the Group has appointed two out of three directors of CF F&B.

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

The directors considered that the non-controlling interest of non-wholly owned subsidiaries of the Group were insignificant to the Group and thus are not separately presented in these consolidated financial statements. In addition, no separate financial information of these non-wholly owned subsidiaries are required to present.

41. MAJOR NON-CASH TRANSACTION

The Group entered into the following major non-cash investing and financing activities, which were not reflected in the consolidated statement of cash flows:

(a) On 22 January 2019, the Group completed the acquisition of Palinda Holding at the aggregate consideration of approximately HK$35,556,000, satisfied by (i) issue of 425,568,000 considerations shares and (ii) issue of 2019 Promissory Note A. Details of the acquisition are set out in note 36 to the consolidated financial statements.

(b) On 28 February 2019, the Group completed the acquisitions of Irving Global and Happy Profit, both at consideration of HK$9,900,000, satisfied by issue of 2019 Promissory Note B and 2019 Promissory Note C respectively. Details of the acquisition are set out in note 36 to the consolidated financial statements.

(c) During the year ended 31 December 2019, the Company entered into a master supply agreement with an independent third party for the sourcing of the Goods, satisfied by the issuance of 2019 Promissory Note D. Details of the transactions are set out in note 28 to the consolidated financial statements.

(d) During the year ended 31 December 2019, the Group entered into new lease agreements for the use of leased properties for two years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK$2,249,000 and HK$2,210,000 respectively.

(e) During the year ended 31 December 2019, the Group acquired property, plant and equipment of approximately HK$13,190,000, of which approximately HK$1,960,000 was paid during the year ended 31 December 2017 as deposits for acquisition of property, plant and equipment.

42. EVENT AFTER THE END OF THE REPORTING PERIOD

(a) On 4 October 2019, the Group and an independent third party entered into a sale and purchase agreement to acquire the entire equity interest in and the shareholder's loan due by Win Everest Holdings Limited ("Win Everest"), which own the entire equity interest in Adinfern Margaret River Pty Ltd ("Adinfern"), a company incorporated in Australia with limited liability (collectively referred to as the "Win Everest Group"). Adinfern is principally engaged in the operation of a vineyard, winemaking and trading of grape and wine products in Australia. The aggregate consideration for the acquisition of Win Everest is HK$60,000,000, satisfied by (i) HK$5,000,000 refundable deposit and being part payment of the consideration, (ii) issue and allotment of 63,000,000 consideration shares of the Company upon completion, and (iii) issue of promissory note with principal amount of HK$37,360,000.

The acquisition of Win Everest was completed on 3 January 2020, and the consideration shares and promissory note were issued on the same date.

The acquisition is to be accounted for as a business combination in accordance with HKFRS 3 *Business Combinations*. Up until the date on which these consolidated financial statements were authorised for issue, the directors are still in the process of determining the fair values of the identifiable assets and liabilities of the Win Everest Group.

(b) Food Idea Group Limited, a wholly owned subsidiary of the Group, entered into two sets of sale and purchase agreement to disposal of the entire equity interest in and sale loans of, Eternity Rise Investments Limited and Eternity Rise Property Limited, two wholly owned subsidiaries of the Group, at considerations of HK$16,800,000 and HK$11,200,000 respectively. The considerations are payable upon completion of the disposal and the directors expected that the disposal will be completed in April 2020.

(c) On 28 February 2020, the Company entered into a placing agreement with a placing agent in relation to the placing of maximum of 55,320,000 ordinary shares of the Company (the "Placing Shares") at the placing price of HK$0.18 per share. Details of the placing of Placing Shares are set out in the Company's announcement dated 28 February 2020.

(d) After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which these financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

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				
	2019	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**230,692**	184,834	111,148	286,068	465,652
(Loss) profit before tax	**(52,498)**	(100,335)	(79,470)	(371,671)	118,397
Income tax (expenses) credit	**(835)**	–	(131)	39,241	(28,092)
(Loss) profit for the year	**(53,333)**	(100,335)	(79,601)	(332,430)	90,305

ASSETS AND LIABILITIES	As at 31 December				
	2019	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	**422,403**	383,102	312,218	260,411	633,494
Non-current assets	**60,127**	83,343	162,517	159,531	221,689
Total assets	**482,530**	466,445	474,735	419,942	855,183
Current liabilities	**48,581**	51,369	31,209	27,648	90,456
Non-current liabilities	**74,993**	67,689	–	77,214	138,328
Total liabilities	**123,574**	119,058	31,209	104,862	228,784
Net assets	**358,956**	347,387	443,526	315,080	626,399
Equity attributable to owners of the Company	**360,318**	348,995	442,085	313,460	623,962
Non-controlling interests	**(1,362)**	(1,608)	1,441	1,620	2,437
	358,956	347,387	443,526	315,080	626,399