



中國農業生態有限公司 China Eco-Farming Limited

(Continued into Bermuda with limited liability)
(Stock Code: 8166)



2014
INTERIM
REPORT



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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

This report will remain on the Company’s website at <http://www.aplushk.com/clients/8166chinaeco-farming/index.html> and the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.



HIGHLIGHTS

Financial Highlights

The Company and its subsidiaries (collectively, the “Group”) recorded an unaudited revenue of approximately HK\$12,724,000 for the six months ended 30 June 2014 (the “Reporting Period”) (representing an increase of approximately 32% as compared with approximately HK\$9,644,000 for the last corresponding period).

The unaudited loss for the period attributable to owners of the Company for the Reporting Period was approximately HK\$12,612,000, representing an increase of approximately 3% as compared with approximately HK\$12,188,000 for the last corresponding period.

The board of directors of the Company (the “Board”) does not recommend any payment of interim dividend for the Reporting Period.

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The Board hereby announces the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2014 together with the comparative figures for the last corresponding periods.

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

(Expressed in Hong Kong dollars)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue	3	7,655	5,313	12,724	9,644
Cost of sales		(6,759)	(3,465)	(10,335)	(6,141)
Gross profit		896	1,848	2,389	3,503
Other revenue	3	79	2	85	69
Administrative expenses		(7,730)	(8,223)	(16,698)	(14,717)
Finance costs	5	(703)	(563)	(1,013)	(1,085)
Gain on disposal of subsidiary		-	-	-	86
Gain on disposal of financial assets at fair value through profit or loss		237	-	237	-
Share of result of associates		247	-	247	-
Gain on bargain purchase	15	1,431	-	1,431	-
Increase (decrease) in fair value of financial assets at fair value through profit or loss		611	(44)	322	(44)
Loss before taxation		(4,932)	(6,980)	(13,000)	(12,188)
Taxation	6	-	-	-	-
Loss for the period		(4,932)	(6,980)	(13,000)	(12,188)

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Other comprehensive expenses					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of financial statement of foreign operations		(122)	-	(122)	-
Total comprehensive expense for the period		(5,054)	(6,980)	(13,122)	(12,188)
Loss for the period attributable to:					
- Owners of the Company		(4,750)	(6,980)	(12,612)	(12,188)
- Non-controlling interests		(182)	-	(388)	-
		(4,932)	(6,980)	(13,000)	(12,188)
Total comprehensive expense attributable to:					
Owners of the Company		(4,820)	(6,980)	(12,682)	(12,188)
Non-controlling interests		(234)	-	(440)	-
		(5,054)	(6,980)	(13,122)	(12,188)
			(restated)		(restated)
Loss per share					
- Basic and diluted (<i>HK cents</i>)	8	(0.19)	(0.48)	(0.58)	(0.83)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Notes	At 30 June 2014 (Unaudited) \$'000	At 31 December 2013 (Audited) \$'000
Non-current assets			
Plant and equipment	9	3,165	394
Investment properties		7,580	7,580
Interests in associates		41,362	–
Available-for-sale investment		4	4
		52,111	7,978
Current assets			
Inventories		125	–
Trade and other receivables	10	3,685	2,322
Deposit paid for operating right		1,200	1,200
Financial asset at fair value through profit or loss		11,768	1,224
Bank balances and cash		106,252	14,552
		123,030	19,298
Current liabilities			
Other payables and accruals		7,180	4,647
Amount due to a former fellow subsidiary		–	60
Amount due to a shareholder		–	129
Amount due to non-controlling interests		808	808
Income tax payable		37	37
Loan from a former fellow subsidiary		–	2,000
Loan from a shareholder		–	4,300
		8,025	11,981
Net current assets		115,005	7,317
Total assets less current liabilities		167,116	15,295

	<i>Notes</i>	At 30 June 2014 (Unaudited) \$'000	At 31 December 2013 (Audited) \$'000
Non-current liability			
Convertible bonds	<i>12</i>	16,042	4,806
Net assets		151,074	10,489
Capital and reserves			
Share capital	<i>11</i>	51,177	35,177
Reserves		100,351	(24,674)
Equity attributable to owners of the Company		151,528	10,503
Non-controlling interests		(454)	(14)
Total equity		151,074	10,489

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014 (Expressed in Hong Kong dollars)


	Attributable to owners of the Company								
	Share capital \$'000	Share premium \$'000	Equity component of convertible bonds \$'000	Special reserve \$'000	Translation reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2013	29,317	27,593	-	6,026	-	(80,334)	(17,398)	-	(17,398)
Issue of convertible bonds	-	-	30,233	-	-	-	30,233	-	30,233
Loss for the period, representing total comprehensive expense for the period	-	-	-	-	-	(12,188)	(12,188)	-	(12,188)
At 30 June 2013	29,317	27,593	30,233	6,026	-	(92,522)	647	-	647
At 1 January 2014	35,177	45,729	29,651	6,026	-	(106,080)	10,503	(14)	10,489
Loss for the period	-	-	-	-	-	(12,612)	(12,612)	(388)	(13,000)
Other comprehensive expenses									
Items that may be reclassified subsequently to profit or loss:									
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(70)	-	(70)	(52)	(122)
Total comprehensive expense for the period	-	-	-	-	(70)	(12,612)	(12,682)	(440)	(13,122)
Placing of new shares	16,000	134,400	-	-	-	-	150,400	-	150,400
Transaction costs attributable to placing of new shares	-	(4,502)	-	-	-	-	(4,502)	-	(4,502)
Issue of CB-II (as defined in Note 12)	-	-	7,809	-	-	-	7,809	-	7,809
At 30 June 2014	51,177	175,627	37,460	6,026	(70)	(118,692)	151,528	(454)	151,074

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in Hong Kong dollars)

	For the six months ended 30 June	
	2014 \$'000	2013 \$'000
Net cash used in operating activities	(15,160)	(11,289)
Net cash used in investing activities	(32,616)	(650)
Net cash from financing activities	139,598	23,228
Net increase in cash and cash equivalents	91,822	11,289
Cash and cash equivalents at the beginning of period	14,552	79
Effect of foreign exchange rates changes, net	(122)	–
Cash and cash equivalents at the end of period, represented by bank balances and cash	106,252	11,368





NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organisation and operation

China Eco-Farming Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 30 November 2000.

The shares of the Company were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited since 5 February 2002. The registered office of the Company is Clarendon House, 2 Church street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company is 25/F., Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong. The directors of the Company do not consider any company to be the ultimate holding company or parent company of the Company.

During the year ended 31 December 2007, the Company re-domiciled from the Cayman Islands into Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The change of domicile was approved by the shareholders of the Company on 15 October 2007 and the Company was continued into Bermuda with limited liability with effect from 29 October 2007.

During the six months ended 30 June 2014, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the business of health care services, trading of ceramic products, property investment, one-stop value chain services and trading of Chinese tea.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"). Other than those subsidiaries established in the People's Republic of China ("PRC") and Taiwan whose functional currencies are Renminbi ("RMB") and Taiwan New Dollar ("TND") respectively, the functional currency of the Company and its subsidiaries is HK\$.

The unaudited condensed consolidated financial statements are prepared in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Group.

2. Principal accounting policies and basis of preparation

The unaudited condensed interim financial information has been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with the accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed financial results have been prepared on the historical cost basis except for the investment properties and the financial instruments that are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's unaudited condensed consolidated financial statements:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities*;
 - Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*;
 - Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*;
 - Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*; and
 - HK(IFRIC*) – Int 21 *Levies*
- * *IFRIC represents the International Financial Reporting Interpretations Committee*

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.



3. Revenue and other revenue

An analysis of the Group's revenue and other revenue for the period is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue:				
Health care services	5,173	4,793	10,203	9,124
Trading of ceramic products	-	-	-	-
Rental income (Note)	39	-	78	-
One-stop value chain services	2,244	520	2,244	520
Trading of Chinese tea	199	-	199	-
	7,655	5,313	12,724	9,644
Other revenue	79	2	85	69
	7,734	5,315	12,809	9,713

Note:

	For the three months ended 30 June		For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Gross rental income	39	-	78	-
Less: outgoings (included in cost of sales)	(31)	-	(45)	-
Net rental income	8	-	33	-

4. Segment information

The Group's operation segments, based on information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

During the year ended 31 December 2013, "Trading of Chinese Tea" became a new operating activity of the Group and it is separately assessed by the chief operating decision maker. Therefore, it is reported as a new reportable and operating segment for the six months ended 30 June 2014.

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

1. One-stop value chain services – provision of total solution services including trading, packaging and logistic solutions
2. Health care services – provision of health care services
3. Property investment – generated rental income from operating leases of Group's investment properties
4. Trading of ceramic products – trading of ceramic sanitary ware products
5. Trading of Chinese Tea – trading of Chinese tea

Segment revenue and results

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

	Health care services		Trading of ceramic products		Property investment		One-stop value chain services		Trading of Chinese Tea		Total	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
For the six months ended 30 June												
REVENUE												
External sales	10,203	9,124	-	-	78	-	2,244	520	199	N/A	12,724	9,644
Segment results	(1,885)	1,480	-	(347)	25	(46)	8	(575)	-	N/A	(1,852)	512
Gain on bargain purchase											1,431	-
Unallocated corporate revenue											876	86
Unallocated corporate expenses											(12,442)	(11,701)
Finance costs											(1,013)	(1,085)
Loss before taxation											(13,000)	(12,188)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the (loss from) profit earned by each segment without allocation of central administration costs, directors' emoluments, other revenue, gain on disposal of subsidiary, fair value change on financial assets at fair value through profit or loss, gain on bargain purchase and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. Finance costs

	For the three months ended 30 June		For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest on bank loans, wholly repayable within five years	–	55	–	131
Interest on other loans	–	237	–	438
Effective interest expense on convertible bonds	703	129	919	129
Interest on loan from a former fellow subsidiary and a shareholder	–	142	94	387
	703	563	1,013	1,085

6. Taxation

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2014 and 2013. No provision for Hong Kong Profits Tax has been made for both periods as the Group does not have any assessable profit subject to Hong Kong Profits Tax for both periods.

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

No deferred tax asset has been recognised due to the unpredictability of future profits streams. The losses may be carried forward indefinitely.

7. Dividend

No dividend was paid, declared or proposed during the interim period (2013: Nil). The Directors have determined that no dividend will be paid in respect of the interim period.

8. Loss per share

The calculation of basic loss per share for the three months and six months ended 30 June 2014 and 2013 is based on the respective unaudited consolidated loss for the periods attributable to owners of the Company of approximately HK\$4,750,000 (30 June 2013: HK\$6,980,000) and HK\$12,612,000 (30 June 2013: HK\$12,188,000), and the weighted average of 2,558,865,060 and 2,192,014,231 (30 June 2013: 1,465,865,060 (restated) and 1,465,865,060 (restated)) ordinary shares of HK\$0.02 each in issue during both the three months and six months ended 30 June 2014.

The weighted average number of ordinary shares used for the purpose of calculating basic loss per share for the three months and six months ended 30 June 2013 has been adjusted for the consolidation of shares in October 2013 on the basis of two shares being consolidated into one share.

The computation of diluted loss per share for the period ended 30 June 2014 and 30 June 2013 is the same as the basic loss per share as the assumed exercise of diluting events has an anti-dilutive effect.

9. Plant and equipment

During the six months ended 30 June 2014, the Group had additions to plant and equipment in the amount of approximately HK\$2,961,000 (2013: HK\$6,000).

10. Trade and other receivables

	At 30 June 2014 (Unaudited) HK\$'000	At 31 December 2013 (Audited) HK\$'000
Trade receivables, net of allowance for doubtful debts	106	119
Deposit and other receivables, net of allowance for doubtful debts	3,259	1,651
Prepayments	320	552
	3,685	2,322

The credit period granted to the Group's trade customers generally ranges from 0 days to 90 days.

The ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which is as follows:

	At 30 June 2014 (Unaudited) HK\$'000	At 31 December 2013 (Audited) HK\$'000
0 to 30 days	13	107
31 to 90 days	93	12
	106	119


11. Share capital

	Nominal value per share HK\$	Number of shares	Amount HK\$'000
Ordinary shares			
<i>Authorised:</i>			
At 31 December 2013	0.02	4,130,434,785	82,609
Increase in authorised share capital (Note a)	0.02	5,000,000,000	100,000
At 30 June 2014	0.02	9,130,434,785	182,609
<i>Issued and fully paid:</i>			
At 1 January 2013	0.01	2,931,730,120	29,317
Placing of new shares (Note b)	0.01	586,000,000	5,860
Share consolidation (Note c)		(1,758,865,060)	–
At 31 December 2013	0.02	1,758,865,060	35,177
Placing of new shares (note d)	0.02	800,000,000	16,000
At 30 June 2014	0.02	2,558,865,060	51,177

Note:

- (a) At the extraordinary general meeting of the Company held on 7 March 2014, special resolution was passed approving increase in authorized share capital of the Company from HK\$100,000,000 consisting of (i) HK\$82,608,695.70 divided into 4,130,434,785 shares, of which 1,758,865,060 shares have been issued and allotted as fully paid or credited as fully paid; and (ii) HK\$17,391,304.30 being the nominal amount of the convertible preference shares of the Company to HK\$200,000,000 (divided into 9,130,434,785 shares and 173,913,043 convertible preference shares of the Company at par values of HK\$0.02 and HK\$0.10 respectively) by the creation of an additional 5,000,000,000 new shares.
- (b) On 16 August 2013, the Company entered into a placing agreement with Kingston Securities Limited (the "Placing Agent"). Pursuant to which, the Placing Agent have agreed to place a maximum of 586,000,000 shares of HK\$0.010 each in the Company to not fewer than six placees, at a price of HK\$0.042 per share. 586,000,000 shares of HK\$0.010 each in the Company were allotted to the Placees on 5 September 2013. Details are disclosed in the Company's announcement dated 5 September 2013.

The placement was completed on 5 September 2013. The gross proceeds and net proceeds, after deducting all related expenses, were approximately HK\$24,612,000 and HK\$23,996,000 respectively. The net proceeds were used to provide additional general working capital for the Company. These new shares were issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 16 May 2013 and rank pari passu with other shares in issue in all respects.

- 
- (c) Pursuant to an ordinary resolution passed on 10 October 2013, a share consolidation was approved with effect from 11 October 2013 in which every 2 of the existing issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company were consolidated into one consolidated share having a par value of HK\$0.02 per share (the "Share Consolidation"). Immediately after the Share Consolidation, the authorised and issued and fully paid ordinary share capital of the Company comprised 4,130,434,785 and 1,758,865,060 consolidated shares of HK\$0.02 each respectively.
- (d) On 13 December 2013, the Company and Ping An of China Securities (Hong Kong) Company Limited and FT Securities Limited (collectively, the "Co-Placing Agents") entered into the co-placing agreement, pursuant to which the Company has conditionally agreed to place, through the Co-Placing Agents on a best effort basis a maximum of 800,000,000 placing shares at a placing price of HK\$0.188 per placing share (the "Placing").

The gross proceeds from the Placing are approximately HK\$150,400,000. The net proceeds after deducting the placing commission and other related expenses was HK\$145,898,000. The relevant resolution was passed at the Company's special general meeting on 7 March 2014. The completion of the Placing took place on 25 March 2014. Further details of the Placing are set out in the announcements of the Company dated 13 December 2013, 7 March 2014 and 25 March 2014 and the circular of the Company dated 19 February 2014.

12. Convertible bonds

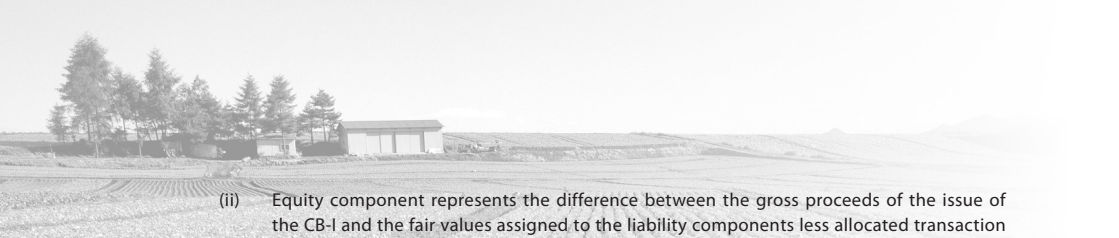
(a) *Convertible bonds I*

On 30 April 2013, the Company issued convertible bonds (the "CB-I") in a principal amount of HK\$34,500,000 with interest bearing at 5% per annum to Top Status. The CB-I will mature on 31 December 2016 (the "Maturity Date"). The CB-I entitled the holder to convert the CB-I in full or in part (in multiples of HK\$500,000) into the ordinary shares of the Company at any time on or after the date of issue of the CB-I up to fifth business day prior to the Maturity Date at an initial conversion price of HK\$0.01 per share, subject to adjustment provisions which are standard terms for convertible securities of similar type. If the CB-I had not been converted by bondholders, it would be converted on Maturity Date by the Company.

Transaction costs directly attributable to issue of CB-I amounted to approximately HK\$585,000 are allocated to liability and equity components on initial recognition.

The CB-I contained the following components that are required to be separately accounted for:

- (i) Liability component for the CB-I represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at the date of issue with reference to the market rate for instruments of comparable credit status taking into account the credit risk of the Company as well as the amount of the CB-I without conversion option, plus allocated transaction costs. The effective interest rate of the liability component is 19.49%.

- 
- (ii) Equity component represents the difference between the gross proceeds of the issue of the CB-I and the fair values assigned to the liability components less allocated transaction costs.

On 11 October 2013, as a result of the Company's share consolidation, the conversion price of the CB-I was adjusted to HK\$0.02 per share.

(b) Convertible bonds II

On 13 December 2013, Skyline Top Limited ("Skyline Top"), a wholly-owned subsidiary of the Company and Mr. So Pan entered into a sale and purchase agreement, pursuant to which (i) Mr. So Pan has agreed to sell to Skyline Top, and Skyline Top has agreed to purchase from Mr. So Pan the sale shares of Konson Global Investments Limited ("Konson"); and (ii) Mr. So Pan has agreed to assign to Skyline Top, and Skyline Top has agreed to accept the assignment of, the sale loan at an aggregated consideration of HK\$40,000,000, of which: (i) HK\$20,000,000 shall be satisfied by Skyline Top by cheque or cashier order upon the completion; and (ii) HK\$20,000,000 shall be satisfied by the Skyline Top's procuring of the issue of the convertible bonds ("CB-II") at the conversion price of HK\$0.188 per conversion share by the Company to Mr. So Pan upon completion.

Upon exercise of conversion rights attaching to the CB-II, 106,382,978 new shares shall be issued.

The completion of the acquisition involving the issue of CB-II as a consideration took place on 31 March 2014.

As disclosed in the Company's circular dated 19 February 2014 (the "Circular"), the principal terms of the CB-II are as follows:

Principal amount of the CB-II:	HK\$20 million
Authorised denomination:	HK\$100,000 each and integral multiples thereof
Conversion price:	HK\$0.188
Interest:	3% per annum
Maturity date:	31 December 2017
Conversion and transferability:	Without prejudice to any condition under the bond instrument, there shall not be any transfer, conversion or redemption of any principal amount of the CB-II during the Restricted Period (as defined in the Circular), and further, the bondholder shall not, and shall not seek to, transfer, convert or redeem any principal amount of the CB-II during the Restricted Period.



Conversion

No conversion of the CB-II or of the Valid Principal Amount (as defined in the Circular), whichever shall be appropriate, shall take place prior to the expiration of the Restricted Period or prior to the happening of the Specific Event (as defined in the Circular) (as the Company may determine in its sole and absolute discretion).

Prior to the expiration of the Restricted Period or prior to the happening of the Specific Event (as the Company may determine in its sole and absolute discretion), the Company shall not, and shall not have to, recognise, accept, agree or register any conversion of any principal amount of the CB-II. In any event, the Company shall not, and shall not have to, recognise, accept, agree or register any conversion of any Cancelled Principal Amount (as defined in the Circular), and the bondholder shall not have any recourse whatsoever against the Company. The Company shall, and shall only have to, recognise, accept, agree or register any conversion of any Valid Principal Amount, and the Company shall have sole and absolute discretion in determining any or all issues on, over or concerning conversion of the CB-II.

Subject to conditions under the bond instrument, during the conversion period, bondholder shall have the right to convert the whole or any part (in multiples of HK\$100,000.00) of the Valid Principal amount, whichever shall be appropriate, into such number of conversion shares as will be determined by dividing the principal amount of the CB-II to be converted by the conversion price (subject to adjustment) in effect on the date of conversion.

Redemption

Redemption at maturity shall only be limited and applicable to the Valid Principal Amount. The Cancelled Principal Amount cannot, and shall not, be redeemed whatsoever. Subject to this as well as other conditions in the bond instrument, the Valid Principal Amount which has not been redeemed or converted in accordance with the conditions under the bond instrument by the maturity date, shall, at the sole and absolute discretion of the Company (and regardless of whether or not the bondholder concerned have requested for conversion of any principal amount of the CB-II into conversion shares) but subject to shareholders' approval (if required) as well as compliance with the GEM Listing Rules and/or requirements of regulatory authorities, either be redeemed by the Company on the maturity date at a redemption amount equal to 100% of Valid Principal Amount or such part thereof which is outstanding at that juncture, or be converted into conversion shares. For any avoidance of doubt, the Company shall not, and shall not be required to, redeem the Cancelled Principal Amount (as defined above) or any part thereof, and the bondholder shall not have any recourse or right of action whatsoever against the Company.

Further details of the issue of CB-II as a consideration of an acquisition are set out in the announcements of the Company dated 13 December 2013, 7 March 2014 and 31 March 2014 and the circular of the Company dated 19 February 2014.

The CB-II contains the following components that are required to be separately accounted for:

- (i) Liability component for the CB-II represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at the date of issue with reference to the market rate for instruments of comparable credit status taking into account the credit risk of the Company as well as the amount of the CB-II without conversion option, plus allocated transaction costs. The effective interest rate of the liability component is 17.37%.
- (ii) Equity component represents the difference between the gross proceeds of the issue of the CB-II and the fair values assigned to the liability components less allocated transaction costs.

(c) **Movements of the CB-I and CB-II**

The movements of the CB-I and CB-II are set out below:

	Liability component <i>HK\$'000</i>	Equity component <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2013	–	–	–
Issue of CB-I	4,264	29,651	33,915
Effective interest expense	542	–	542
At 31 December 2013	4,806	29,651	34,457
Interest paid	(1,874)	–	(1,874)
Issue of CB-II	12,191	7,809	20,000
Effective interest expense	919	–	919
At 30 June 2014	16,042	37,460	53,502

13. Operating lease commitment

Commitments under operating lease

The Group as lessee

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

	At 30 June 2014 (Unaudited) <i>HK\$'000</i>	At 31 December 2013 (Audited) <i>HK\$'000</i>
Within one year	7,528	7,983
In the second to the fifth years inclusive	3,278	3,702
	10,806	11,685

Operating lease payments represent rental payable by the Group for certain of its office premises. Leases are negotiated for terms of one to three years (31 December 2013: one to two years) and rentals are fixed over the terms of the leases.

The Group as lessor

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

	At 30 June 2014 (Unaudited) HK\$'000	At 31 December 2013 (Audited) HK\$'000
Within one year	156	166
In the second to the fifth years inclusive	65	146
	221	312

14. Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) 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.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



Financial assets	Fair value as at 30 June 2014	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and key input(s)
Held-for-trading non-derivative financial assets classified as fair value through profit or loss in the consolidated statement of financial position	Listed equity securities in Hong Kong - Food and beverage industry HK\$1,037,000 - Bank financial industry HK\$503,000 - Other financial industry HK\$10,228,000	Listed equity securities in Hong Kong - Food and beverage industry HK\$1,224,000	Level 1	Quoted prices in active market

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

15. Acquisition of a subsidiary

As mentioned in the Circular and Note 12(b) to this report, Skyline Top acquired 100% interest in Konson and accepted the assignment of the Sale Loan (as defined in the Circular) on 31 March 2014. Konson is the sole legal and beneficial owner of the entire issued share capital in Union World International Group Holdings Limited ("Union World"), and in turn, Union World holds 40% of the equity interest in 中合華夏(北京)投資諮詢有限公司 ("Beijing HX"); Beijing HX holds 55% of the equity interest in 中合新農(北京)投資有限公司 ("Beijing XN"), and Beijing XN is the sole legal and beneficial owner of the entire equity interest in the 扶余中合新農市場置業有限公司 ("Property Investment Subsidiary") (collectively known as the "Target Investment Companies"). The principal activities of Konson and the Target Investment Companies and further details are disclosed in the Circular.

Consideration transferred:

	<i>HK\$'000</i>
Cash	20,000
CB-II	20,000
	40,000

Based on the relevant agreement, if the Property Investment Subsidiary fails to meet the Profit Guarantee (as defined in the Circular) by 31 December 2016, or shall the Profit Confirmation (as defined in the Circular) prepared by an auditor approved by the Company is not released by 31 March 2017, or shall the Company find the Profit Confirmation unsatisfactory, only the Valid Principal Amount shall remain valid and binding while the Cancelled Principal Amount shall be revoked and cancelled by the Company at any time prior to the expiration of the Restricted Period, and such Cancelled Principal Amount shall not be reissued again. In essence, even the Profit Guarantee has not been met, the consideration will be reduced according to the formula pursuant to the bond instrument of CB-II and published in the Circular, while the Company will still be holding an effective interest of 22% in the Property Investment Subsidiary.

The bargain purchase of approximately HK\$1,431,000 was determined based on the preliminary valuation reports. The figures are subject to change upon the completion of audit and the valuation for Konson and the Target Investment Companies as of the acquisition date.

Net cash outflow arising on acquisition

	<i>HK\$'000</i>
Consideration paid in cash	20,000
Less: cash and cash equivalent balances acquired	(330)
	<hr/> 19,670

Impact of acquisition on the results of the Group

Included in the loss for the interim period is profit of approximately of HK\$243,000 (including share of result of associates of approximately HK\$247,000) attributable to Konson and Target Investment Companies. None of the revenue for the interim period is attributable to Konson and Target Investment Companies.

Had the acquisition of Konson been effected at the beginning of the interim period, the total amount of revenue of the Group for the six months ended 30 June 2014 would have been HK\$12,724,000, and amount of the loss for the interim period would have been HK\$13,361,000. The proforma information is illustrative purpose only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

16. Events after the end of the reporting period

(a) Possible formation of joint venture companies

Pursuant to the Company's announcement dated 28 July 2014, China Supply and Marketing Agricultural Production Wholesale Market Holding Co., Ltd (中國供銷農產品批發市場控股有限公司) ("CSMA") and the Company entered into the framework agreement on 28 July 2014 under which the Company and CSMA intend to establish the Agricultural Products Investment Management Company, the Financial Services Company and the Agricultural Products Trading Company (collectively known as the "JV Companies") to facilitate the development in the field of agricultural product circulations and related financial services area in Qianhai, the People's Republic of China.

(b) Change of address of Bermuda principal share registrar and transfer office

With effect from 30 July 2014, the Company's Bermuda principal share registrar and transfer office, MUFG Fund Services (Bermuda) Limited, will change its address to the Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the Reporting Period, the Group has been principally engaged in the health care services, trading of ceramic products, property investment, the one-stop value chain services and trading of Chinese tea.

Health Care Services

In respect of the management of health care services business, during the Reporting Period, this business segment reported a revenue of approximately HK\$10,203,000 (six months ended 30 June 2013: HK\$9,124,000), representing an increase of approximately 12% as compared with the last corresponding period. The increase was mainly attributable to the increased efforts on marketing and promotion.

Trading of Ceramic Products

The trading of ceramic products has not generated any revenue for the Reporting Period (six months ended 30 June 2013: Nil).

During the Reporting Period, due to the slowdown of the domestic economic growth, the industry continued to be hit by the decrease in the product demand. In the year of 2014, it is expected that the market condition of this industry will not significantly improve. Facing with the adverse factors, the Group is re-considering the market situation.

Property Investment

At 30 June 2014, the Group held properties in Hong Kong for investment purpose amounted to approximately HK\$7,580,000 (31 December 2013: HK\$7,580,000).

During the Reporting Period, this business segment reported a revenue of approximately HK\$78,000 (six months ended 30 June 2013: Nil). Given increase in demand of the property market in Hong Kong, the Board is confident that the rental income will continue to benefit from the growth trend.



One-stop Value Chain Services

During the Reporting Period, this business segment reported a revenue of approximately HK\$2,244,000 (six months ended 30 June 2013: HK\$520,000). The increase in revenue was mainly attributable to the increased marketing efforts of the Company. The Group is positive about further development of this business segment and bigger contribution in revenue in the future.

Trading of Chinese Tea

In the fourth quarter of the year 2013, the Group started its business in the trading of Chinese tea. This new business segment reported a revenue of approximately HK\$199,000 during the Reporting Period (six months ended 30 June 2013: Nil).

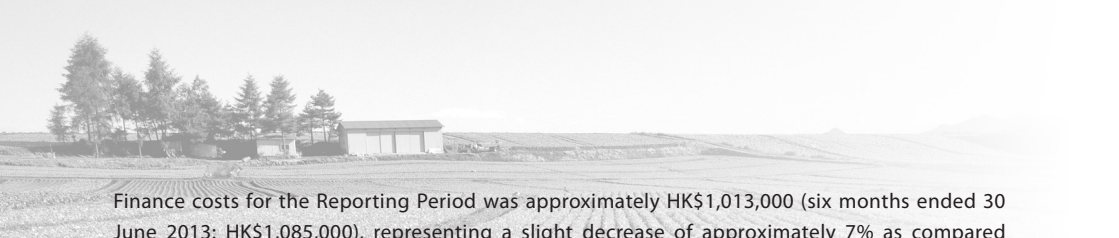
The Group continues its efforts in strengthening its current sales and marketing teams in order to accelerate the development of this new business segment and is looking forward to developing it into one of the core businesses of the Group.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded an unaudited revenue of approximately HK\$12,724,000 (six months ended 30 June 2013: HK\$9,644,000), representing an increase of approximately 32% as compared with the last corresponding period. This increase was mainly attributable to the increase in revenue for all reportable segments as detailed in Note 4 to this report.

Cost of sales for the Reporting Period amounted to approximately HK\$10,335,000 (six months ended 30 June 2013: HK\$6,141,000), representing an increase of approximately 68% as compared with the last corresponding period. The increase was due to change of product mix of the Company's business portfolio during the Reporting Period.

Administrative expenses for the Reporting Period amounted to approximately HK\$16,698,000 (six months ended 30 June 2013: HK\$14,717,000), representing an increase of approximately 13% as compared with the last corresponding period. This increase was mainly due to development and expansion of new business.



Finance costs for the Reporting Period was approximately HK\$1,013,000 (six months ended 30 June 2013: HK\$1,085,000), representing a slight decrease of approximately 7% as compared with the last corresponding period. The slight decrease was mainly due to the net effect of decrease in loan interest and increase in effective interest expense on convertible bonds as compared with the last corresponding period.

The Group recorded a loss attributable to owners of the Company for the Reporting Period of approximately HK\$12,612,000 (six months ended 30 June 2013: HK\$12,188,000). As a result, the basic loss per share of the Company decreased from HK0.83 cent (restated) for the six months ended 30 June 2013 to HK0.58 cent for the Reporting Period.

Liquidity and Financial Resources

During the Reporting Period, the Group financed its business operations mainly with its internally generated resources and borrowings. At 30 June 2014, the bank balances and cash of the Group was approximately HK\$106,252,000 (31 December 2013: approximately HK\$14,552,000).

At 30 June 2014, the net assets of the Group was approximately HK\$151,074,000 (31 December 2013: HK\$10,489,000) and the net current assets was approximately HK\$115,005,000 (31 December 2013: HK\$7,317,000).

Gearing Ratio

At 30 June 2014, the total liabilities of the Group amounted to approximately HK\$24,067,000 (31 December 2013: HK\$16,787,000). All of the liabilities are denominated in Hong Kong dollars.

At 30 June 2014, the Group had total assets of approximately HK\$175,141,000 (31 December 2013: HK\$27,276,000). The gearing ratio of the Group, expressed as the ratio of total liabilities to total assets, decrease to 0.14 as at 30 June 2014 (31 December 2013: 0.62).

Segmental Information

An analysis of the Group's performance for the Reporting Period by business segment is set out in Note 4 to this report.



Capital Structure

As at 30 June 2014, the issued ordinary share capital with an aggregate nominal value of HK\$51,177,301.20 is divided into 2,558,865,060 ordinary shares of HK\$0.02 each ("Share(s)") (31 December 2013: HK\$35,177,301.20 divided into 1,758,865,060 Shares).

Fund Raising Activities

Placing of New 800,000,000 Shares under Specific Mandate

On 13 December 2013, the Company and Ping An of China Securities (Hong Kong) Company Limited and FT Securities Limited (collectively, the "Co-Placing Agents") entered into the co-placing agreement, pursuant to which the Company has conditionally agreed to place, through the Co-Placing Agents on a best effort basis a maximum of 800,000,000 placing shares to not fewer than six placees at a placing price of HK\$0.188 per placing share, to be allotted and issued under specific mandate (the "Placing").

The relevant resolution was passed at the Company's special general meeting on 7 March 2014. The completion of the Placing took place on 25 March 2014. The gross proceeds from the Placing were approximately HK\$150.4 million and the net proceeds after deducting the placing commission and other related expenses were approximately HK\$145 million. The net proceeds from the Placing was used as to (i) HK\$20 million for settling the cash consideration of the acquisition as detailed in Note 15 to this report; (ii) approximately HK\$14.1 million for general working capital of the Group (including as to approximately HK\$6.4 million for cost of goods sold, approximately HK\$1.9 million for salaries and allowance, approximately HK\$2.4 million for rents, rates and building management fee, and approximately HK\$3.4 million for other operating expenses); (iii) approximately HK\$6.4 million for repayment of the outstanding liabilities of the Company as to approximately HK\$4.3 million loan due to a shareholder, approximately HK\$2 million loan due to a former fellow subsidiary of the Company, and approximately HK\$0.1 million for the relevant loan interests; and (iv) the remaining balance of approximately HK\$104.5 million for future general working capital and future investment opportunities of the Company. The placees included 17 individual investors and 7 corporate investors. Further details of the Placing are set out in the announcements of the Company dated 13 December 2013, 7 March 2014 and 25 March 2014 and the circular of the Company dated 19 February 2014.



Issue of Convertible Bonds as a consideration of an acquisition

On 13 December 2013, Skyline Top Limited (“Skyline Top”), a wholly-owned subsidiary of the Company and Mr. So Pan entered into a sale and purchase agreement, pursuant to which (i) Mr. So Pan has agreed to sell to Skyline Top, and Skyline Top has agreed to purchase from Mr. So Pan the sale shares of Konson Global Investments Limited; and (ii) Mr. So Pan has agreed to assign to Skyline Top, and Skyline Top has agreed to accept the assignment of, the sale loan at an aggregated consideration of HK\$40,000,000, of which: (i) HK\$20,000,000 shall be satisfied by Skyline Top by cheque or cashier order upon the completion; and (ii) HK\$20,000,000 shall be satisfied by the Skyline Top’s procuring of the issue of the convertible bonds at the conversion price of HK\$0.188 per conversion share by the Company to Mr. So Pan upon completion.

Upon exercise of conversion rights attaching to the Convertible Bonds, 106,382,978 new shares shall be issued.

The completion of the acquisition involving the issue of convertible bonds as a consideration took place on 31 March 2014.

Further details of the issue of convertible bonds as a consideration of an acquisition are set out in the announcements of the Company dated 13 December 2013, 7 March 2014 and 31 March 2014 and the circular of the Company dated 19 February 2014.

Charges on Group’s Assets

As at 30 June 2014, the Group did not have any charges on its assets (31 December 2013: Nil).

Contingent Liabilities

As at 30 June 2014, the Group did not have any material contingent liabilities (31 December 2013: Nil).

Capital Commitments

As at 30 June 2014, the Group did not have any significant capital commitment (31 December 2013: Nil).



Exposure to Fluctuations in Exchange Rates

All of the Group's assets, liabilities and transactions are mainly denominated in Hong Kong dollars or Renminbi or New Taiwan dollars. The Directors do not consider that the Group is exposed to any material foreign currency exchange risk. Therefore, no hedging devices or any other alternatives have been implemented.

Significant Investments and Acquisitions

Save as disclosed above, the Group did not possess any significant investment, material acquisitions or disposal of subsidiaries or associated companies during the Reporting Period.

OUTLOOK

For the health care services business, the Group continues its marketing and promotion efforts to broaden the customer base. Together with the increasing number of individual travelers from the PRC, the Group believes that the income from this business segment will continue to benefit from this growth trend.

The Group believes the one-stop value chain services business segment has ample growth potential. Following the huge increase in revenue in this reporting period, the Group believes that it will continue to grow.

The Group will continue reviewing and participating in negotiations of business developments and/or investments, especially in agricultural sector, according to the Group's business strategies and development needs.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had 29 full-time employees (31 December 2013: 24). Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK\$3,933,000 (six months ended 30 June 2013: approximately HK\$3,345,000).

The Group decided the remuneration and compensation payable to its staff based on individual performance and expertise. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution. Other benefits include, retirement schemes.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2014, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which 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 have taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above, at no time during the Reporting Period, there subsisted arrangements to which the Company or any of its subsidiaries is a party, being arrangements whose subjects are, or one of whose objects is, to enable any of the directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate, and none of the directors of the Company, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company during the Reporting Period.

DIRECTORS' INTERESTS IN CONTRACTS

No Director of the Company had a significant beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any its subsidiaries was a party at any time during the Reporting Period.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware of and having made due enquiries, as at 30 June 2014, the following parties, other than the Directors or the chief executive of the Company, had interests or short positions directly or indirectly in the shares and underlying shares of the Company disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the shares and underlying shares of the Company:

Name	Capacity	Shares		Underlying Shares	
		Number of Shares	Approximate percentage of the issued share capital (Note 1)	Number of underlying Shares	Approximate percentage of the issued share capital (Note 1)
So Chi Yuk (Note 2)	Interest of controlled corporation	-	-	1,725,000,000 (L) (Note 4)	67.41%
Sino Coronet Limited (Note 2)	Beneficial owner	-	-	1,725,000,000 (L) (Note 4)	67.41%
Yardley Finance Limited (Note 3)	Beneficial owner	-	-	1,725,000,000 (L)	67.41%
Chan Kin Sun (Note 3)	Interest of controlled corporation	-	-	1,725,000,000 (L)	67.41%
Chinese Strategic Holdings Limited (Note 5)	Interest of controlled corporation	318,953,215 (L)	12.46%	-	-
Top Status International Limited (Note 5)	Beneficial owner	318,953,215 (L)	12.46%	-	-
International Chaoshang Investment Group Limited (Note 6)	Beneficial owner	212,070,000	8.28%	-	-
Huang Zhen Da (Note 6)	Interest of controlled corporation	212,070,000	8.28%	-	-
VMS Investment Group Limited (Note 7)	Beneficial owner	133,000,000	5.19%	-	-
Mak Siu Hang Viola (Note 7)	Interest of controlled corporation	133,000,000	5.19%	-	-

* The Letter "L" denotes a long position in the Shares or the underlying Shares.
The Letter "S" denotes a short position in the underlying Shares.



Notes:

1. As at 30 June 2014, the Company's issued ordinary share capital was HK\$51,177,301.20 divided into 2,558,865,060 Shares of HK\$0.02 each.
2. Sino Coronet Limited ("Sino Coronet"), a company incorporated in the British Virgin Islands with limited liability, is wholly owned by So Chi Yuk. As such, So Chi Yuk is deemed to be interested in these Convertible Bonds.
3. Yardley Finance Limited, a company incorporated in Hong Kong with limited liability, is wholly owned by Chan Kin Sun. As such, Chan Kin Sun is deemed to be interested in these shares.
4. Pursuant to a subscription agreement entered into on 22 February 2013 with respect of the subscription of the convertible bonds in principal amount of HK\$34,500,000 (the "Convertible Bonds"), the Company had issued Convertible Bonds to Top Status International Limited ("Top Status"), a company incorporated in the British Virgin Islands with limited liability, in principal amount of HK\$34,500,000 on 30 April 2013. With reference to the announcement of Chinese Strategic Holdings Limited ("Chinese Strategic") (Stock code: 8089), a company incorporated in Bermuda with limited liability, dated 2 August 2013, Top Status proposed to dispose the Convertible Bonds, which can be converted into 1,725,000,000 new shares at conversion price of HK\$0.02 per Share, to Sino Coronet (the "Disposal"). The disposal was completed on 8 January 2014.
5. Top Status is wholly-owned by Rich Best Asia Limited ("Rich Best"), a company incorporated in the British Virgin Islands. Rich Best is in turn wholly-owned by Chinese Strategic. The issued shares of which are listed on GEM of the Stock Exchange. As such, each of Rich Best and Chinese Strategic is deemed to be interested in these shares.
6. International Chaoshang Investment Group Limited, a company incorporated in Hong Kong with limited liability, is 40% owned by Huang Zhen Da. As such, Huang Zhen Da is deemed to be interested in these Shares.
7. VMS Investment Group Limited, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by Mak Siu Hang Viola. As such, Mak Siu Hang Viola is deemed to be interested in these Shares.

Save for disclosed above, the Company is not aware of any other person, other than a director or the chief executive of the Company, who held interests or short positions in the shares and underlying shares of the Company as at 30 June 2014 as recorded in the register required to be kept by the Company under Section 336 of the SFO.



SHARE OPTION SCHEME

The Company has adopted a new share option scheme on 6 May 2011 (the “Share Option Scheme”).

During the Reporting Period, there was no share option granted, exercised, cancelled or lapsed under the Share Option Scheme and there was no share option remained outstanding under the Share Option Scheme as at 30 June 2014.

COMPETING INTERESTS

During the Reporting Period, the Company did not have any controlling shareholders. None of the directors of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had any business or interest that compete or may compete with the business of the Group or had or may have any other conflict of interest with the Group during the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 of the GEM Listing Rules throughout the Reporting Period except for the following deviation:

Provision A.2.1 of the CG Code prescribed, among others, the roles of chairman of the Board and chief executive of the Company should be separate and should not be performed by the same individual. Throughout the Reporting Period, the Company did not appoint a chairman of the Board. The Board will keep reviewing the current structure of the Board from time to time. If candidate with suitable knowledge, skills and experience is identified, the Company will make appointment to fill the post as appropriate.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Code”). Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Code during the Reporting Period.



PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 31 July 2001 with written terms of reference in compliance with GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and the internal control system of the Group. The Audit Committee currently comprises three independent non-executive Directors; namely, Mr. Tsang Hin Fun, Anthony (Chairman of the Audit Committee), Mr. Cheung Tak Shum and Mr. Lau Tin Cheung.

The unaudited condensed consolidated financial results of the Group for the Reporting Period have been reviewed by the Audit Committee.

By Order of the Board
China Eco-Farming Limited
Tsang Chi Hin
Chief Executive and Executive Director

Hong Kong, 8 August 2014

As at the date of this report, the chief executive and executive Director is Mr. Tsang Chi Hin; the executive Director is Mr. So David Tat Man and the independent non-executive Directors are Mr. Cheung Tak Shum, Mr. Lau Tin Cheung and Mr. Tsang Hin Fun, Anthony.