

# Oriental Unicorn Agricultural Group Limited

## 東麟農業集團有限公司

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



Stock Code : 8120

First  
Quarterly  
Report  
2015

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

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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.

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*This report, for which the directors (the “Directors”) of Oriental Unicorn Agricultural Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange Hong Kong Limited (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.*

## HIGHLIGHTS

- The Company reported a profit attributable to owners of the Company of approximately HK\$13,094,000 for the three months ended 31 March 2015 (the “period”), when compared to loss attributable to owners of the Company amounting to HK\$20,699,000 in the same period last year.
- The turnover of the Group was approximately HK\$34,872,000 for the period, representing an increase of approximately HK\$33,896,000 when compared to the same period of HK\$976,000 last year.
- Gross profit for the period was approximately HK\$14,408,000, compared with gross loss of HK\$177,000 in the same period last year.
- The board of Directors (the “Board”) does not recommend the payment of any interim dividend for the three months ended 31 March 2015.

## FIRST QUARTERLY RESULTS (UNAUDITED)

The Board (the “Board”) of directors (the “Directors”) of Oriental Unicorn Agricultural Group Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2015 together with the comparative unaudited figures for the corresponding period in 2014. The first quarterly results are unaudited, but have been reviewed by the audit committee of the Company.

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

For the three months ended 31 March 2015

	Notes	For the three months ended 31 March	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Turnover	3	34,872	976
Cost of sales and services		(20,464)	(1,153)
Gross profit/(loss)		14,408	(177)
Other income and gains	4	87	104
Selling and distribution costs		(1,741)	(68)
General and administrative expenses		(10,315)	(3,842)
Change in fair value of financial assets through profit or loss	5	11,927	(16,650)
Finance costs	6	(100)	(66)
Profit/(loss) before tax		14,266	(20,699)
Income tax expense	7	–	–
Profit/(loss) for the period		14,266	(20,699)
Other comprehensive expense for the period:			
Item that may be subsequently reclassified to profit or loss:			
– Exchange differences on translation of financial statements of foreign operations		(1,518)	(143)
Total comprehensive income/(expense) for the period		12,748	(20,842)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

For the three months ended 31 March 2015

	For the three months ended 31 March	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to:		
– Owners of the Company	13,094	(20,699)
– Non-controlling interests	1,172	–
	<u>14,266</u>	<u>(20,699)</u>
Total comprehensive income/(expense) for the period attributable to:		
– Owners of the Company	12,914	(20,842)
– Non-controlling interests	(166)	–
	<u>12,748</u>	<u>(20,842)</u>

	Notes	For the three months ended 31 March		
		2015 (Unaudited) HK Cents	2014 (Unaudited) HK Cents (Restated)	2014 (Unaudited) HK Cents (Previously stated)
Earnings/(loss) per share	8			
Basic		<u>0.82</u>	<u>(8.63)</u>	<u>(11.93)</u>
Diluted		<u>0.82</u>	<u>(8.63)</u>	<u>(11.93)</u>

## NOTES

### 1. CORPORATE INFORMATION

During the period, the Group is principally engaged in (i) feedstock products and animal husbandry businesses; (ii) processing and sales of food products; (iii) money lending business; (iv) securities investment business; (v) provision of IT services; and (vi) food and beverage business.

The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal place of business is located at Unit A, 15/E, Nathan Tower, 518-520 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong.

The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

### 2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the three months ended 31 March 2015 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). These unaudited condensed consolidated quarterly financial statements should be read in conjunction with the financial statements of the Group for the year ended 31 December 2014. The accounting policies and method of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the financial statements of the Group for the year ended 31 December 2014. The financial statements are unaudited but have been reviewed by Audit Committee.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"). For those which are effective for accounting periods beginning on 1 January 2015, the adoption has no material effect on the reported results and the financial position of the Group for the current or prior accounting periods. For those which are not yet effective and have not been early adopted, the Group is in the process of assessing their impact on the Group's results and financial position.

## NOTES (CONT'D)

### 3. TURNOVER

Turnover represents the aggregate of the net amounts received and receivable from third parties for the period.

	For the three months ended 31 March	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Sales of feedstock products and animal husbandry products	5,082	976
Sales of formula milk powder	21,435	–
Loan interest income	4,228	–
Professional IT contract and maintenance services	4,127	–
	<u>34,872</u>	<u>976</u>

### 4. OTHER INCOME AND GAINS

	For the three months ended 31 March	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Bank interest income	16	5
Sundry income	71	99
	<u>87</u>	<u>104</u>

## NOTES (CONT'D)

### 5. CHANGE IN FAIR VALUE OF FINANCIAL ASSETS THROUGH PROFIT OR LOSS

Change in fair value of financial assets through profit or loss represents the change in fair value of the equity securities based on closing price in an active market.

### 6. FINANCE COSTS

	For the three months ended 31 March	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Interest on bank loan wholly repayable		
– within five years	27	66
– Over five years	73	–
	<u>100</u>	<u>66</u>

### 7. INCOME TAX EXPENSE

	For the three months ended 31 March	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	–	–
Other jurisdictions	–	–
	<u>–</u>	<u>–</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits arising in or derived from Hong Kong for both periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax rate at 25% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.



## NOTES (CONT'D)

### 8. EARNINGS/(LOSS) PER SHARE

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

#### Earnings/(loss)

	For the three months ended 31 March	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Earnings/(loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	13,094	(20,699)

#### Number of shares

	For the three months ended 31 March		
	2015 '000	2014 '000	2014 '000 (Previously stated)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	1,606,083	239,773	173,453

The weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share for the period ended 31 March 2014 has been adjusted to reflect the bonus element of the right issue completed during the year ended 31 December 2014.

The computation of diluted profit per share for the period ended 31 March 2015 did not assume the exercise of the Company's potential ordinary shares granted under the Company's share options scheme since their exercise and conversion would have an anti-dilutive effect.

### 9. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the three months ended 31 March 2015 (31 March 2014: Nil).

## NOTES (CONT'D)

### 10. RESERVES

For the three months ended 31 March 2015

	Attributable to owners of the Company											
	Share Capital HK\$'000	Share premium HK\$'000	Share Contributed surplus HK\$'000	Capital reserve HK\$'000	PRC statutory reserve HK\$'000	Share options reserve HK\$'000	Foreign currency Translation reserve HK\$'000	Available- for-sale investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Sub-Total HK\$'000	Attributable to Non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2014 (Audited)	27,752	161,862	-	61,545	873	-	2,892	-	(167,813)	87,111	-	87,111
Loss for the period	-	-	-	-	-	-	-	-	(20,699)	(20,699)	-	(20,699)
Other comprehensive expense for the period	-	-	-	-	-	-	(143)	-	-	(143)	-	(143)
Total comprehensive expense for the period	-	-	-	-	-	-	(143)	-	(20,699)	(20,842)	-	(20,842)
At 31 March 2014 (Unaudited)	27,752	161,862	-	61,545	873	-	2,749	-	(188,512)	66,269	-	66,269
At 1 January 2015 (Audited)	15,609	42,900	348,685	61,545	873	4,672	2,934	(284)	(186,376)	290,558	54,540	345,098
Profit for the period	-	-	-	-	-	-	-	-	13,094	13,094	1,172	14,266
Other comprehensive expense for the period	-	-	-	-	-	-	(180)	-	-	(180)	(1,338)	(1,518)
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	(180)	-	13,094	12,914	(166)	12,748
Issue of subscription shares under special mandate (note 11 (vi))	830	13,695	-	-	-	-	-	-	-	14,525	-	14,525
At 31 March 2015 (Unaudited)	16,439	56,595	348,685	61,545	873	4,672	2,754	(284)	(173,282)	317,997	54,374	372,371

## NOTES (CONT'D)

### 11. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<b><u>Authorised:</u></b>		
At 1 January 2014, ordinary shares of HK\$0.04 each	5,000,000	200,000
Share consolidation (Note (i))	(3,750,000)	–
Increase in authorised share capital (Note (ii))	5,000,000	800,000
Capital reorganisation (Note (iv))	93,750,000	–
	<u>100,000,000</u>	<u>1,000,000</u>
At 31 December 2014, ordinary shares of HK\$0.01 each	<u>100,000,000</u>	<u>1,000,000</u>
At 1 January 2015 and 31 March 2015, ordinary shares of HK\$0.01 each	<u>100,000,000</u>	<u>1,000,000</u>
<b><u>Issued and fully paid:</u></b>		
At 1 January 2014, ordinary shares of HK\$0.04 each	693,810	27,752
Share consolidation (Note (i))	(520,357)	–
Right issue of shares (Note (iii))	1,127,441	180,391
Capital reorganisation (Note (iv))	–	(195,134)
Issue of subscription shares under general mandate (Note (v))	260,000	2,600
	<u>1,560,894</u>	<u>15,609</u>
At 31 December 2014, ordinary shares of HK\$0.01 each	<u>1,560,894</u>	<u>15,609</u>
At 1 January 2015, ordinary shares of HK\$0.01 each	1,560,894	15,609
Issue of subscription shares under special mandate (Note (vi))	83,000	830
	<u>1,643,894</u>	<u>16,439</u>
At 31 March 2015, ordinary shares of HK\$0.01 each	<u>1,643,894</u>	<u>16,439</u>

## NOTES (CONT'D)

### 11. SHARE CAPITAL (CONT'D)

*Notes:*

(i) **Share consolidation**

Pursuant to an extraordinary general meeting on 13 January 2014, every 4 ordinary shares of the Company of a nominal or par value of HK\$0.04 each in the issued and unissued share capital of the Company be consolidated into one consolidated share of a nominal or par value of HK\$0.16 such that the authorised share capital of the Company is HK\$200,000,000 divided into 1,250,000,000 consolidated shares of a par value of HK\$0.16 each, of which 173,452,500 consolidated shares at par value of HK\$0.16 each was in issue. Such consolidated shares shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the Article of Association of the Company. The share consolidation is in effect on 14 January 2014.

(ii) **Increase in authorised share capital**

Pursuant to an extraordinary general meeting on 24 April 2014, the ordinary resolution in relation to the increase in authorised share was duly passed by way of poll. Following the passing of the resolution, the authorised share capital of the Company increased from HK\$200,000,000 divided into 1,250,000,000 ordinary shares of a par value of HK\$0.16 each to HK\$1,000,000,000 divided into 6,250,000,000 ordinary shares of HK\$0.16 each by the creation of an additional 5,000,000,000 ordinary shares of HK\$0.16 each, ranking pari passu with the existing ordinary shares of the Company in all respects. The increase in authorised share capital took effect on the same date.

(iii) **Right issue of shares**

Pursuant to an extraordinary general meeting on 24 April 2014, the special resolution in relation to the underwriting agreement and rights issue on the basis of 13 rights shares for every 2 existing shares held on the record date at a price of HK\$0.16 each was duly passed by way of poll. The right issue of shares was completed on 28 May 2014. Following the rights issue, 1,127,441,250 new ordinary shares of the Company of HK\$0.16 each were issued. The net proceeds arising from the right issue amounted to approximately HK\$172 million.

## NOTES (CONT'D)

### 11. SHARE CAPITAL (CONT'D)

*Notes:* (Cont'd)

#### (iv) Capital reorganisation

Pursuant to an extraordinary general meeting on 24 April 2014, the special resolution in relation to the capital reorganisation comprising the capital reduction and the share subdivision was duly passed by way of poll and took effect on 5 June 2014.

After the capital reorganisation,

- (1) the issued share capital of the Company was reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.15 on each of the issued ordinary shares of the Company such that the nominal value of each issued ordinary share of the Company was reduced from HK\$0.16 to HK\$0.01;
- (2) immediately following the capital reduction, each of the authorised but unissued ordinary shares of the Company of HK\$0.16 each was subdivided into 16 new ordinary shares of the Company of HK\$0.01 each; and
- (3) the credits arising in the books of the Company from the reduction of the paid-up capital of the Company of approximately HK\$195,134,000 was credited to the contributed surplus account of the Company.

#### (v) Issue of subscription shares under general mandate

On 28 October 2014, the Company and a subscriber, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (the "Subscriber") and are principally engaged in growing, processing and sales of agricultural products, and consumer food and beverage products, entered into a general mandate subscription agreement ("GM Subscription Agreement") and a special mandate subscription agreement ("SM Subscription Agreement").

## NOTES (CONT'D)

### 11. SHARE CAPITAL (CONT'D)

*Notes:* (Cont'd)

(v) **Issue of subscription shares under general mandate (Cont'd)**

Pursuant to the GM Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 260,000,000 subscription shares ("GM Subscription Shares") at the subscription price of HK\$0.175 per GM Subscription Share. The GM Subscription Shares will be allotted and issued under the general mandate. The completion took place on 10 November 2014 whereby 260,000,000 ordinary shares of the Company of HK\$0.01 each were allotted and issued at HK\$0.175 per GM Subscription Share under the GM Subscription Agreement. The net proceed from the subscription amounted to approximately HK\$45.3 million.

(vi) **Issue of subscription shares under special mandate**

Pursuant to the SM Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 83,000,000 subscription shares ("SM Subscription Shares") at the subscription price of HK\$0.175 per SM Subscription Share. The SM Subscription Shares will be allotted and issued under the general mandate. The completion took place on 11 February 2015 whereby 83,000,000 ordinary shares of the Company of HK\$0.01 each were allotted and issued at HK\$0.175 per SM Subscription Share under the SM Subscription Agreement. The net proceed from the subscription amounted to approximately HK\$14 million.

### 12. EVENT AFTER THE REPORTING PERIOD

On 17 April 2015, the Company proposed to change the English name of the Company from "Oriental Unicorn Agricultural Group Limited" to "China Demeter Investments Limited" and the secondary name in Chinese of the Company from "東麟農業集團有限公司" to "中國神農投資有限公司" ("Change of Company Name").

The proposed Change of Company Name will be subject to the passing of a special resolution by the shareholders of the Company at a special general meeting of the Company to be held on 29 May, 2015 to approve the Change of Company Name and the Registrar of Companies in Bermuda approving the Change of Company Name. For details, please refer to the announcement dated 17 April 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial and Business Review

Thanks to rapid growth achieved by new business, Oriental Unicorn Agricultural Group Limited (the “Company”) and its subsidiaries (the “Group”) recorded a profit attributable to owners of the Company of HK\$13,094,000 (2014: loss of HK\$20,699,000) for the three months ended 31 March 2015.

The net profit attributable to owners of the Company recorded for the period ended 31 March 2015 was mainly attributable to the fair value gain of HK\$11,927,000 from financial assets at fair value through profit or loss, loan interest income of approximately HK\$4,228,000 arising from the Group’s money lending business commenced in mid-2014 and earnings generated from the processing and distribution of formula milk powder products operation the Group acquired in late 2014. The loss attributable to owners of the Company recorded in the corresponding period of 2014 was mainly due to the fair value loss of HK\$16,650,000 from financial assets at fair value through profit or loss.

The turnover of the Group for the period was approximately HK\$34,872,000, representing an increase of approximately HK\$33,896,000 as compared to the same period of HK\$976,000 last year; while gross profit was approximately HK\$14,408,000. For the period ended 31 March 2015, turnover was composed of sales of feedstock products and animal husbandry of HK\$5,082,000, sales of formula milk powder of HK\$21,435,000, loan interest income of HK\$4,228,000 and the provision of professional IT contract and maintenance services of HK\$4,127,000. During the corresponding period in 2014, turnover only consisted of sales of feedstock products and animal husbandry products totalling HK\$976,000.

General and administrative expenses for the period were approximately HK\$10,315,000, an increase of approximately HK\$6,473,000 as compared with the same period of HK\$3,842,000 last year. The increase was mainly due to the increase in expenses for business operation. The new businesses of professional IT contract and maintenance services and sales of formula milk powder also contributed to the rise in general and administrative expenses.

### Milk Powder Business

The milk powder business contributed to the Group’s earnings with a turnover of approximately HK\$21,435,000 during the period (2014: nil). The Group completed the acquisition of equity interests in Zhao Hui Holdings Limited (兆輝控股有限公司) (“Zhao Hui”) as at the year end and had thereafter expanded into the milk powder business via its holding of an indirect interest in Viplus Dairy Pty Limited (“Viplus”). Viplus is principally engaged in formula milk powder processing, production and related business and is an operator of a dairy product manufacturing plant in Victoria, Australia. It is one of a few Australian enterprises that have registered with the Certification and Accreditation Administration of the People’s Republic of China (the “PRC”) (中國國家認證認可監督管理局) as an approved enterprise for infant formula milk powder products processing.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The dairy product manufacturing plant of the Group is situated in Toora of South Gippsland, Victoria, Australia, whose main industry is dairy farming. The site of the manufacturing plant has been engaging in dairy farming and production for over 120 years. The dairy product manufacturing plant of Viplus is certified by AQIS (Australian Quarantine and Inspection Services), Dairy Food Safety Victoria, ISO 9001:2008, ISO 14001:2004, ISO 22000:2005 and is in compliance with Halal Australia's Halal Quality Assurance requirements. The Group has extended further effort to optimize its manufacturing system in an attempt to expand into the formula milk powder market in the PRC with extensive developmental potential. In the future, the Group plans to increase the production capacity of Viplus to meet the strong demand for its formula milk powder products.

### Money Lending Business

During the period, the Group used its surplus liquidity to fund its money lending business through its indirectly wholly-owned subsidiary, Way Union Finance Limited. Loan interest income under this business segment amounted to approximately HK\$4,228,000 during the period. Interests of the loan receivables were charged at rates ranging from 5% to 13.5% per annum.

### Agriculture

Turnover of the feeding and breeding business for the period was approximately HK\$5,082,000, representing an increase of approximately HK\$4,106,000 as compared to HK\$976,000 in the corresponding period of 2014.

### IT Business

The Group provided IT contract and maintenance services through its wholly-owned subsidiary, 易寶電腦系統(北京)有限公司 (EPRO Computer Systems (Beijing) Company Limited, for identification purpose only) and registered a turnover of approximately HK\$4,127,000 (2014: nil) during the period.

### Investments in securities of listed and non-listed companies

The Group has investments in securities of listed and non-listed companies in order to diversify its investment portfolios and increase returns to shareholders. During the period, the Group recorded the fair value gain of HK\$11,927,000 from financial assets at fair value through profit or loss.

### Completion of issue of share to China Culiangwang Beverages Holdings Limited

On 11 February 2015, the Company completed the subscription agreement with China Culiangwang Beverages Holdings Limited (Stock Code: 904) (the "Subscriber"), pursuant to which the Subscriber had taken up 83,000,000 shares at an subscription price of HK\$0.175 per share allotted and issued by the Company under the special mandate. The net proceeds raised amounted to approximately HK\$14,000,000.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Given that the Company and the Subscriber were both involved in the agricultural industry, there would be potential cooperation opportunity between them in the future. Having considered that the Subscriber had successful experience in growing, processing and distributing agricultural products (excluding feedstock related products), the cooperation between the Company and the Subscriber would be beneficial to improvement of the Company's current production technology and distribution strategy and its future expansion to other fields of the agricultural industry.

### Change of Company Name

After the reporting period on 17 April 2015, the Company proposed to change the English name of the Company from "Oriental Unicorn Agricultural Group Limited" to "China Demeter Investments Limited" and the secondary name in Chinese of the Company from "東麟農業集團有限公司" to "中國神農投資有限公司" ("Change of Company Name").

It is considered that the Change of Company Name will better reflect and emphasize the extension of the business focus from feedstock products and animal husbandry businesses to other investment areas. The proposed new company name will provide the Company a better identification and strengthen the Company's corporate image.

### Prospect

Going forward, the Group will further expand the formula milk powder business in the PRC through its indirectly-held subsidiary Viplus. With tightening measures on milk industry by the Central Government to enhance industrial standard, operators of lesser quality in the industry will inevitably be eliminated. A period of strong growth will come after restructuring of the milk powder market, creating opportunities for the Group. According to statistical data from Euromonitor, a market research and analysis firm, the PRC has become the largest market for infant formula milk powder in the world. In 2014, sales in infant formula milk powder in the PRC amounted to RMB108 billion and it is expected to reach RMB120 billion in 2016. The market foresees that with easing measures like the "two-child policy for only-child parent", the market for infant milk powder in the PRC would receive further boost. Even with only three months of operation after acquisition, the Group's milk powder business has already been making profit contribution, testifying both the success of our development strategies and the development potential of the business.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

With ever more stringent requirement concerning safety of dairy products from the PRC's consumers, Viplus, being one of a handful of Australian enterprises who have registered with the Certification and Accreditation Administration of the PRC as an approved enterprise for infant formula milk powder products processing and who is in possession of various quality certificates, can easily establish domestic consumers' confidence towards its products. The management believes that with Viplus' extensive experience in formula milk powder manufacturing, the market share of its quality products is set to increase over time, thus bringing promising return to the Group. In addition, the Group will continue to invest in the prosperous money lending business in Hong Kong, to book higher return and expand income resources through its money lending business, and at the same time will optimize its IT business which generates stable income. The Group is committed to reinforcing its intrinsic strength and further consolidating each of the business segments to boost new income growth. The board of directors is of the view that with the Group's well-established foundation and a professional management team, it is well positioned to enhance its sales results and create the best return for shareholders.

### Interim Dividend

The Directors of the Company do not recommend the payment of any interim dividend for the three months ended 31 March 2015 (2014: Nil).

## SHARE OPTION SCHEMES

The Company's New Share Option Scheme (the "2013 Share Option Scheme") was adopted pursuant to an ordinary resolution passed by the Company's shareholders at the extraordinary general meeting of the Company held on 30 September 2013. Under the 2013 Share Option Scheme, the Company may grant options to eligible persons, including Directors and directors of the subsidiaries of the Company, to subscribe for the shares.

The total number of shares which may be issued upon exercise of all options which may be granted under the 2013 Share Option Scheme and options which may be granted under any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue on 30 September 2013 unless the Company obtains a refresh approval from its shareholders. Options lapsed in accordance with the terms of the 2013 Share Option Scheme or any other share option schemes of the Company under which such options are granted, as the case may be, shall not be counted for the purpose of calculating whether the limit has been exceeded. The 10% general limit was refreshed after the passing of the ordinary resolution by the shareholders at the annual general meeting dated 30 June 2014 on the basis of 1,300,893,750 shares in issue on that date. After the refreshment, the maximum number of new shares which may be issued upon exercise of all share options that may be granted under the 10% general limit so refreshed is 130,089,375.

## SHARE OPTION SCHEMES (CONT'D)

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Share Option Scheme and options which may be granted and yet to be exercised under any other share option schemes of the Company (or the subsidiary) shall not exceed 30% of the total number of shares in issue from time to time. No options may be granted under any share option schemes of the Company (or the Subsidiary) if this will result in the limit being exceeded.

The 2013 Share Option Scheme will remain in force for a period of ten years commencing from 30 September 2013.

The subscription price in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case the subscription price shall not be less than the higher of (i) the closing price of the shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a share.

The purpose of the 2013 Share Option Scheme is to encourage the participants, including employees, business associates and trustees, to perform their best in achieving the goals of the Group and at the same time allow the participants to enjoy the results of the Company attained through their efforts and contributions and to provide the participants with incentives and help the Company in retaining its existing employees and recruiting additional employees.

Share options to subscribe for up to 122,200,000 shares were granted to directors, employees and other eligible persons on 12 August 2014. As at 31 March 2015, share options to subscribe for up to 120,900,000 remained outstanding. No share option had been exercised under the scheme for the period ended 31 March 2015.

## SHARE OPTION SCHEMES (CONT'D)

Details of the share options granted by the company under the 2013 Share Option Scheme and the movement of the share options during the period were shown as follows:

Name of Grantee	Date of Grant	Exercisable Period	Subscription Price per Share	Outstanding as at 1 January 2015	Granted during the Period	Exercised or Lapsed during the Period	Outstanding as at 31 March 2015
<i>Directors:</i>							
Mr. Zhou Jing	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.1104	13,000,000	-	-	13,000,000
Mr. Lam Chun Kei	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.1104	13,000,000	-	-	13,000,000
Mr. Lin Chuen Chow Andy	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.1104	1,300,000	-	-	1,300,000
Mr. Lee Kin Fai	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.1104	1,300,000	-	-	1,300,000
Ms. Cheng Lo Yee	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.1104	1,300,000	-	-	1,300,000
Sub-total				29,900,000	-	-	29,900,000
Employees	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.1104	26,000,000	-	-	26,000,000
Sub-total				26,000,000	-	-	26,000,000
<i>Other eligible persons:</i>							
Consultants	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.1104	39,000,000	-	-	39,000,000
Directors of a subsidiary	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.1104	26,000,000	-	-	26,000,000
Sub-total				65,000,000	-	-	65,000,000
Grand Total				120,900,000	-	-	120,900,000

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's bye-law or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES OR ITS SUBSIDIARIES' SECURITIES**

During the period ended 31 March 2015, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities or the securities of the Company's subsidiaries.

## **MANAGEMENT CONTRACT**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the period ended 31 March 2015.

## **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the period or at any time during the period.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES OF THE COMPANY

As at 31 March 2015, the Directors and chief executive of the Company had the following interests or short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were 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 taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

### Long positions in underlying shares of the Company

Name of Directors	Nature of interest	Number of underlying ordinary shares of the Company held (Note 1)	Approximate % of shareholding of the Company
Mr. Zhou Jing	Beneficial owner	13,000,000	0.79%
Mr. Lam Chun Kei	Beneficial owner	13,000,000	0.79%
Mr. Lin Chuen Chow Andy	Beneficial owner	1,300,000	0.08%
Mr. Lee Kin Fai	Beneficial owner	1,300,000	0.08%
Ms. Cheng Lo Yee	Beneficial owner	1,300,000	0.08%

Note:

1. These represented the interests in underlying shares in respect of the share options granted by the Company on 12 August 2014.

As at 31 March 2015, none of the Directors had short positions in the shares or underlying shares of equity derivatives of the Company and no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

## DIRECTORS' RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Save as disclosed under the section headed "Directors' and Chief Executives' Interests in Securities of the Company" and "Share Option Schemes", at no time during the period was the Company or any of its holding companies or subsidiaries a party to any arrangements which enabled the Company's Directors, their respective spouse or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2015, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% 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:

Name of Shareholder	Nature of Interest	Number of shares and underlying shares	Approximate percentage of interest
Mr. Lin Cheuk Fung	Beneficial owner	149,678,750 (L)	9.11%
China Culiangwang Beverages Holdings Limited	Beneficial owner	343,000,000 (L)	20.87%

Note:

1. The letter (L) above denotes long position.
2. Mr. Lin Cheuk Fung is a cousin of Mr. Lin Chuen Chow Andy, a non-executive Director.

Save as disclosed above, as at 31 March 2015, so far as is known to the Directors, there was no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

## **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

None of the Directors or their respective associates had any interest in any business, which competes with or may compete with the business of the Group during the period.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors.

The Company has made specific enquiry to all Directors and the Directors have confirmed that they have complied with all the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the period ended 31 March 2015.

## **CORPORATE GOVERNANCE CODE**

During the period ended 31 March 2015, the Company has adopted and complied with the code provision (the "Code Provision") as set out in the "Corporate Governance Code" contained in Appendix 15 (the "Code") of the GEM Listing Rules except for Code Provision A.2.1 in respect of the role separation of chairman and chief executive officer.

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

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

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



## AUDIT COMMITTEE

The audit committee of the Company consists of three independent non-executive Directors, namely, Mr. Lee Kin Fai, Ms. Cheng Lo Yee and Mr. Hung Kenneth with written terms of reference in compliance with the Rule 5.28 to 5.33 to the GEM Listing Rules. The audit committee has reviewed the first quarterly results for the three months ended 31 March 2015.

On behalf of the Board  
**Oriental Unicorn Agricultural Group Limited**  
**Zhou Jing**  
*Chairman and Chief Executive Officer*

Hong Kong, 12 May 2015

*As at the date of this report, the Board comprises two executive Directors, namely, Mr. Zhou Jing and Mr. Lam Chun Kei; one non-executive Director, namely Mr. Lin Chuen Chow Andy; and three independent non-executive Directors, namely Mr. Lee Kin Fai, Ms. Cheng Lo Yee and Mr. Hung Kenneth.*

*This report will appear on the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least seven days after the date of publication and on the website of the Company at [www.irasia.com/listco/hk/orientalunicorn/index.htm](http://www.irasia.com/listco/hk/orientalunicorn/index.htm).*