



China Demeter Investments Limited 中國神農投資有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
Stock Code: 8120

First Quarterly Report 2016



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

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This report, for which the directors (the “Directors”) of China Demeter Investments 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\$2,054,000 for the three months ended 31 March 2016 (the “period”), when compared to profit attributable to owners of the Company amounting to HK\$13,094,000 in the same period last year.
- The revenue of the Group from continuing operation was approximately HK\$10,526,000 for the period, representing an increase of approximately HK\$1,216,000 when compared to the same period of HK\$9,310,000 last year.
- Gross profit from continuing operation for the period was approximately HK\$3,422,000, compared with gross profit of HK\$4,805,000 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 2016.

FIRST QUARTERLY RESULTS (UNAUDITED)

The Board (the “Board”) of directors (the “Directors”) of China Demeter Investments Limited (formerly known as 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 2016 together with the comparative unaudited figures for the corresponding period in 2015. 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 2016

	Notes	For the three months ended 31 March	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Restated) (Unaudited)
Continuing operations			
Revenue	3	10,526	9,310
Cost of sales and services		(7,104)	(4,505)
Gross profit		3,422	4,805
Other income and other gains	4	478	7
Selling and distribution costs		(39)	(36)
General and administrative expenses		(3,331)	(3,451)
Change in fair value of financial assets through profit or loss	5	3,913	11,927
Share of loss of a joint venture		(1,243)	–
Finance costs	6	(71)	–
Profit before tax		3,129	13,252
Income tax expense	7	(582)	–
Profit for the period from continuing operations		2,547	13,252
Discontinued operations	8		
Profit for the period from discontinued operations		–	1,014
Profit for the period		2,547	14,266
Other comprehensive income (expenses) for the period:			
Items that may be subsequently reclassified to profit or loss:			
– Exchange differences on translation of financial statements of foreign operations		154	(1,518)
– Change in fair value of available-for-sale investment		(311)	–
Other comprehensive expense for the period		(157)	(1,518)
Total comprehensive income for the period		2,390	12,748

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

For the three months ended 31 March 2016

	For the three months ended 31 March	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Restated) (Unaudited)
Profit for the period attributable to:		
– Owners of the Company	2,054	13,094
– Non-controlling interests	493	1,172
	<u>2,547</u>	<u>14,266</u>
Total comprehensive income (expense) for the period attributable to:		
– Owners of the Company	1,820	12,914
– Non-controlling interests	570	(166)
	<u>2,390</u>	<u>12,748</u>

	Notes	For the three months ended 31 March	
		2016 <i>HK Cents</i>	2015 <i>HK Cents</i> (Restated)
Earnings per share	9		
– for continuing and discontinued operations			
Basic		<u>0.52</u>	<u>4.08</u>
Dilutive		<u>0.52</u>	<u>4.08</u>
– for continuing operations			
Basic		<u>0.52</u>	<u>4.10</u>
Dilutive		<u>0.52</u>	<u>4.10</u>

NOTES

1. CORPORATE INFORMATION

During the period, the Group is principally engaged in (i) feedstock products and animal husbandry businesses; (ii) money lending business; (iii) securities investment business; and (iv) 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/F, 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 2016 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM Listing Rules and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements of the Group for the year ended 31 December 2015. 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 2015. 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 2016, 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. So far, the Group considers that the adoption of those HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

NOTES (CONT'D)

3. REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the period from continuing operations.

	For the three months ended 31 March	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Restated) (Unaudited)
Sales of feedstock products and animal husbandry products	7,347	5,082
Loan interest income	1,745	4,228
Provision of food and beverage services	1,434	–
	10,526	9,310

4. OTHER INCOME AND OTHER GAINS

	For the three months ended 31 March	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Restated) (Unaudited)
Bank interest income	4	7
Sundry income	474	–
	478	7

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.

NOTES (CONT'D)

6. FINANCE COSTS

	For the three months ended 31 March	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Restated) (Unaudited)
Interest on other borrowing	71	–

7. INCOME TAX EXPENSE

	For the three months ended 31 March	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Restated) (Unaudited)
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	6	–
Deferred tax	576	–
Total income tax expense recognised in profit or loss	582	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

PRC Enterprise Income Tax is calculated for subsidiaries operating in the PRC at the prevailing rates of tax in accordance with the relevant income tax rules and regulations of the PRC for both periods.

NOTES (CONT'D)

8. DISCONTINUED OPERATIONS

Disposal of the Sky Red Group

In July 2015, the Group has entered into a sale and purchase agreement to dispose of the entire issued share capital of Sky Red International Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries of Oasis Island Ventures Limited and 易寶電腦系統(北京)有限公司 (transliterated as EPRO Computer Systems (Beijing) Company Limited) (“EPRO”) (collectively the “Sky Red Group”) at a consideration of HK\$2,000,000 to Mr. He Huaguang, a director of EPRO. Its principal operating company of the Sky Red Group is EPRO, a limited liability company established in the PRC, which is principally engaged in the provision of professional IT contract and maintenance services in the PRC. Upon disposal of the Sky Red Group, the Group’s operations in the IT business has been ceased. The disposal constitutes a major and connected transaction for the Company under the GEM Listing Rules and the resolution thereto were passed by the shareholders of the Company at a special general meeting held on 8 September 2015. The disposal was completed on 23 September 2015.

Deemed disposal of the Zhao Hui Group

The Group completed the acquisition of 55% equity interest in Zhao Hui Holdings Limited (“Zhao Hui”) in December 2014. Concurrent with such acquisition, 45% minority shareholder of Zhao Hui and 40% minority shareholder of Globe Year Limited (“Globe Year”) have entered into certain investment arrangements whereby upon completion of the corporate reorganisation in relation to such investment arrangements which took place on 31 December 2014, Zhao Hui has become the holding company of Viplus Dairy Pty Limited (“Viplus”), Australia Dairy Group Limited (“Australia Dairy”) and Globe Year. Zhao Hui and its subsidiaries (collectively the “Zhao Hui Group”) is principally engaged in milk formula processing, production and related business and an operator of a dairy manufacturing plant in Victoria, Australia.

Since May 2015, there was a dispute (the “Dispute”) regarding the resignation and removal of the general manager of Australia Dairy and Viplus as nominated by the 40% shareholder of Australia Dairy, Fortunate Times Enterprises Limited (“FTEL”). In this regard, FTEL has commenced an arbitration against Globe Year and Australia Dairy (the “HK Arbitration”) in the Hong Kong International Arbitration Centre (“HKIAC”).

On 30 September 2015, the Group entered into a sale and purchase agreement (“SP Agreement”) with FTEL to dispose of the Group’s 55% interest in Zhao Hui at a consideration of AU\$3,227,400 (equivalent to approximately HK\$18,073,000). Upon completion of such disposal, the Group will cease to have any interest in the Zhao Hui Group. The disposal constitutes a major and connected transaction for the Company under the GEM Listing Rules and the resolution thereto were passed by the shareholders of the Company at a special general meeting held on 9 December 2015. The disposal was completed on 10 December 2015.

NOTES (CONT'D)

8. DISCONTINUED OPERATIONS (CONT'D)

Deemed disposal of the Zhao Hui Group (Cont'd)

The results for the period from the discontinued operations (i.e. IT business and processing and sales of food products business) included in the unaudited condensed consolidated statement of profit or loss and other comprehensive income are set out below. The comparative figures in the unaudited condensed consolidated statement of profit or loss and other comprehensive income and other related notes have been re-presented to include the IT business and processing and sales of food products business as discontinued in the prior period.

	For the three months ended 31 March					
	2016			2015		
	IT business HK\$'000 (Unaudited)	Processing and sales of food products business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	IT business HK\$'000 (Unaudited)	Processing and sales of food products business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	-	-	-	4,127	21,435	25,562
Cost of sales	-	-	-	(1,892)	(14,067)	(15,959)
Other income and other gains	-	-	-	2	78	80
Selling and distribution costs	-	-	-	(499)	(1,206)	(1,705)
General and administrative expenses	-	-	-	(2,065)	(4,799)	(6,864)
Finance costs	-	-	-	-	(100)	(100)
Profit (loss) for the period from discontinued operations	-	-	-	(327)	1,341	1,014
Attributable to:						
Owners of the Company	-	-	-	(327)	262	(65)
Non-controlling interests	-	-	-	-	1,079	1,079
	-	-	-	(327)	1,341	1,014

NOTES (CONT'D)

9. EARNINGS PER SHARE

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

For continuing and discontinued operations

	For the three months ended 31 March	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Earnings for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	2,054	13,094

Number of shares

	For the three months ended 31 March		
	2016 '000	2015 '000 (Restated)	2015 '000 (Previously stated)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	394,531	321,217	1,606,083

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the period ended 31 March 2015 has been adjusted to reflect the effect of consolidation of shares as detailed in note 12.

NOTES (CONT'D)

9. EARNINGS PER SHARE (CONT'D)

For continuing operations

	For the three months ended 31 March	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Restated) (Unaudited)
Earnings for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	2,054	13,094
Adjustment for: Loss for the period attributable to owners of the Company from discontinued operations	—	65
Earnings for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share from continuing operations	<u>2,054</u>	<u>13,159</u>

NOTES (CONT'D)

9. EARNINGS PER SHARE (CONT'D)

For discontinued operations

	For the three months ended 31 March	
	2016 (Unaudited)	2015 (Restated) (Unaudited)
Loss per share:		
– Basic (HK cents)	–	(0.02)
– Diluted (HK cents)	–	(0.02)
Less:	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted loss per share from discontinued operations	–	(65)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

The computation of diluted earnings per share for the period ended 31 March 2016 and 2015 did not assume the exercise of potential ordinary shares granted under the Company's share options scheme because the exercise price of those options was higher than the average market prices of share for both periods.

10. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the three months ended 31 March 2016 (31 March 2015: Nil).

NOTES (CONT'D)

11. RESERVES

For the three months ended 31 March 2016

	Attributable to owners of the Company									
	Share Capital HK\$'000	Share premium HK\$'000	Share options 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 loss) Retained profits HK\$'000	Sub-Total HK\$'000	Attributable to Non- controlling interests HK\$'000
At 1 January 2015 (Audited)	15,609	42,900	4,672	873	2,934	(284)	(186,376)	290,538	54,540	345,098
Profit for the period	-	-	-	-	-	-	13,094	13,094	1,172	14,266
Other comprehensive expense for the period	-	-	-	-	(180)	-	-	-	(180)	(1,518)
Total comprehensive income (expense) for the period	-	-	-	-	(180)	-	13,094	12,914	(166)	12,748
Issue of subscription shares (note 12(ii))	830	13,695	-	-	-	-	-	14,525	-	14,525
At 31 March 2015 (Unaudited)	16,439	56,595	4,672	873	2,754	(284)	(173,282)	317,997	54,374	372,371
At 1 January 2016 (Audited)	19,727	84,734	4,672	873	2,026	-	8,224	342,054	9,592	351,646
Profit for the period	-	-	-	-	-	-	2,054	2,054	493	2,547
Other comprehensive income (expense) for the period	-	-	-	-	77	(311)	-	(234)	77	(157)
Total comprehensive income (expense) for the period	-	-	-	-	77	(311)	2,054	1,820	570	2,390
Capital Reorganisation (note 12(iii))	(15,782)	-	-	-	-	-	-	-	-	-
Lapse of share option	-	-	(58)	-	-	-	58	-	-	-
At 31 March 2016 (Unaudited)	3,945	84,734	4,614	873	2,103	(311)	10,336	343,874	10,162	354,036

NOTES (CONT'D)

12. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<u>Authorised:</u>		
At 1 January 2015 and 31 December 2015, ordinary shares of HK\$0.01 each	100,000,000	1,000,000
Share consolidation (Note (iii))	(80,000,000)	–
Share sub-division (Note (iii))	80,000,000	–
	<u>100,000,000</u>	<u>1,000,000</u>
At 31 March 2016, ordinary shares of HK\$0.01 each	<u>100,000,000</u>	<u>1,000,000</u>
<u>Issued and fully paid:</u>		
At 1 January 2015, ordinary shares of HK\$0.01 each	1,560,894	15,609
Issue of subscription shares (Note (i))	83,000	830
Issue of placing shares (Note (ii))	328,760	3,288
	<u>1,972,654</u>	<u>19,727</u>
At 31 December 2015, ordinary shares of HK\$0.01 each	<u>1,972,654</u>	<u>19,727</u>
At 1 January 2016, ordinary shares of HK\$0.01 each	1,972,654	19,727
Share reorganisation (Note (iii))	(1,578,123)	(15,782)
	<u>394,531</u>	<u>3,945</u>
At 31 March 2016, ordinary shares of HK\$0.01 each	<u>394,531</u>	<u>3,945</u>

NOTES (CONT'D)

12. SHARE CAPITAL (CONT'D)

Notes:

(i) **Issue of subscription shares**

Pursuant to the Specific Mandate Subscription Agreement (“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 specific 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 proceed from the subscription amounted to approximately HK\$14 million.

(ii) **Issue of placing shares**

On 9 December 2015, the Company completed the placing of an aggregate of 328,760,000 ordinary shares of the Company of HK\$0.01 each to not less than six places through placing agent at HK\$0.10 per ordinary share. The net proceeds from the placing of shares amounted to approximately HK\$31,500,000.

(iii) **Capital Reorganisation**

Pursuant to a special general meeting held on 3 February 2016, the special resolution in relation to capital reorganisation comprising the share consolidation, the capital reduction and the share subdivision was duly passed by way of poll and took effect on 4 February 2016.

After the capital reorganisation,

(1) ***Share Consolidation***

Every 5 issued and unissued existing shares of par value of HK\$0.01 each in the share capital of the Company were consolidated into 1 consolidated share of par value of HK\$0.05 each.

NOTES (CONT'D)

12. SHARE CAPITAL (CONT'D)

Notes: (Cont'd)

(iii) Capital Reorganisation (Cont'd)

(2) *Capital Reduction*

The par value of each of the then issued consolidated shares were reduced from HK\$0.05 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.04 on each of the then issued consolidated shares, the credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional consolidated share in the issued share capital of the Company which may arise from the share consolidation, which together, amount to approximately HK\$15,782,000, were credited to the contributed surplus account of the Company.

(3) *Share Sub-division*

Each of the then authorised but unissued consolidated shares of par value of HK\$0.05 each was sub-divided into 5 new shares of par value of HK\$0.01 each.

13. EVENT AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 23 February 2016 and the prospectus of the Company dated 18 March 2016, the Company proposed the issue of not less than 197,265,375 offer shares and not more than 209,355,375 offer shares by way of open offer at the subscription price of HK\$0.10 per offer share on the basis of two offer shares for every one existing share in issue on 17 March 2016. As disclosed in the announcement of the Company dated 13 April 2016, completion of the open offer took place on 14 April 2016 and an aggregate of 197,265,375 shares of the Company were issued and allotted accordingly and net proceeds of approximately HK\$17.5 million were raised.

On 27 April 2016, Golden Harvest Holdings Limited (“Golden Harvest”), an indirect wholly owned subsidiary of the Company, entered into Agreement with Trinity Worldwide Capital Holding Limited, pursuant to which Golden Harvest conditionally agreed to purchase, and Trinity Worldwide Capital Holding Limited conditionally agreed to sell 264 shares of Profit Network Asia Inc (“Profit Network”), representing 44% of the issued shares of Profit Network at a Consideration of HK\$35,200,000. The Profit Network and its subsidiary (“Profit Network Group”) are principally engaged in advising and dealing in securities.

Up to the date of approval of these condensed consolidated financial statements, the acquisition of 44% of the issued shares of Profit Network has not yet completed and subject to certain conditions precedent. For details, please refer to the announcement of the Company dated 27 April 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

China Demeter Investments Limited (the “Company” and, together with its subsidiaries, the “Group”) recorded a net profit attributable to owners of the Company of approximately HK\$2,054,000 for the three months ended 31 March 2016 (the “Period”) (31 March 2015: approximately HK\$13,094,000), which was mainly due to a decrease in the fair value gain of financial assets through profit or loss during the period of approximately HK\$8,014,000 to approximately HK\$3,913,000 (31 March 2015: approximately HK\$11,927,000), and decrease in loan interest income for the period of approximately HK\$2,483,000 to approximately HK\$1,745,000 (31 March 2015: approximately HK\$4,228,000).

The revenue of the Group from continuing operations for the period increased by 13.1% to approximately HK\$10,526,000 (31 March 2015: approximately HK\$9,310,000); while gross profit for the period was approximately HK\$3,422,000 (31 March 2015: approximately HK\$4,805,000). As the Group further diversified its source of income, turnover from continuing operations for the period was composed of sales of feedstock products and animal husbandry of approximately HK\$7,347,000 (31 March 2015: approximately HK\$5,082,000), loan interest income of approximately HK\$1,745,000 (31 March 2015: approximately HK\$4,228,000), and provision of food and beverage business of approximately HK\$1,434,000 (31 March 2015: Nil).

General and administrative expenses from continuing operations for the period decreased to approximately HK\$3,331,000 (31 March 2015: approximately HK\$3,451,000). The decrease was mainly due to implementation of cost control and streamlining during the period.

Following the completion of disposal of Sky Red Group and Zhao Hui Group in 2015, no revenue of the Group from discontinued operations for the period ended 31 March 2016 was noted (31 March 2015: approximately HK\$25,562,000). The revenue of the Group from discontinued operations for the period ended 31 March 2015 composed of the provision of professional IT contract and maintenance services of approximately HK\$4,127,000 and processing and sales of food products of approximately HK\$21,435,000.

The general and administrative expenses from discontinued operations for the period ended 31 March 2015 were approximately HK\$6,864,000. No general and administrative expenses incurred by the Group in the discontinued operations for the period ended 31 March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Agriculture

Revenue of the feeding and breeding business for the period increased by 44.5% to approximately HK\$7,347,000 as compared to the same period last year (31 March 2015: HK\$5,082,000). The increase was mainly due to the fact that the feed plant for production of feedstock products was suspended from operation in the first half of 2014 to fine-tune the production line in order to improve the production process and quality of products. The improvement was completed in the second half of 2014 and the production line resumed normal operation in the third quarter of 2015. In addition, thanks to the stable and steadily rising swine price in 2016, sales for feedstock products and husbandry products increased.

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\$1,745,000 during the period (31 March 2015: HK\$4,228,000). Interests of the loan receivables were charged at rates ranging from 5% to 12% per annum for both periods.

Securities Investments, Trading and Related Business

To maximize returns to shareholders, the Group's diversified securities investment portfolio covers listed and non-listed companies.

During the period, the Group recorded a gain in fair value of financial assets through profit or loss of approximately HK\$3,913,000 (31 March 2015: approximately HK\$11,927,000). The decrease is mainly due to the recent downturn in the Hong Kong securities market.

All financial assets at fair value through profit or loss as held by the Group were shares of listed companies in Hong Kong, of which as at 31 March 2016, the Company had investments in the shares of five listed companies, which accounted for approximately 94.7% of the total market value of all financial assets at fair value through profit or loss held by the Group as at 31 March 2016. Such investments comprised of (i) approximately 26.1 million shares (approximately 0.34%) of Town Health International Medical Group Limited ("THIMG"), (ii) 245.0 million shares (approximately 1.64%) of Convoy Financial Holdings Limited ("CFH"), (iii) 62.2 million shares (approximately 4.14%) of RCG Holdings Limited ("RCGH"), (iv) 136.8 million shares (approximately 3.77%) of First Credit Finance Group Ltd. ("FCFG") and (v) 35.9 million shares (approximately 2.89%) of Amco United Holding Limited ("AUH"). The shares of each of THIMG, CFH, RCGH, and AUH were listed on the Main Board of the Stock Exchange while FCFG was listed on the GEM of Stock Exchange. The Group's investment in THIMG, CFH, RCGH, AUH and FCFG were collectively referred to as the "Major Investments".

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Details of the Major Investments are as follows:

Investee Companies	Three months ended 31 March 2016		At 31 March 2016		At 31 December 2015	
	Fair value gain (loss) <i>HK\$'000</i>	through profit or loss (Note 1)	Market Value <i>HK\$'000</i>	through profit or loss (Note 2)	Approximate percentage to the net assets (Note 3)	Market Value <i>HK\$'000</i>
THIMG	(1,459)	(37.3%)	38,039	19.4%	10.7%	18,944
CFH	(7,717)	(197.2%)	82,062	41.9%	23.2%	28,710
RCGH	14,928	381.5%	31,722	16.2%	9%	16,794
FCFG	1,421	36.3%	18,876	9.6%	5.3%	(Note 4)
AUH	(3,407)	(87.1%)	14,523	7.4%	4.1%	17,930

Note 1: The approximate percentage of gain(loss) in fair value of financial assets through profit or loss is calculated by the fair value gain(loss) of the investment divided by the total gain(loss) of the financial assets at fair value through profit or loss during the corresponding periods.

Note 2: The approximate percentage of financial assets at fair value through profit or loss is calculated by the market value of the investment divided by the total carrying amount of the financial assets at fair value through profit or loss held by the Group as at 31 March 2016.

Note 3: The approximate percentage to the net assets is calculated by the market value of the investment divided by the net assets of the Group as at 31 March 2016.

Note 4: Not applicable as the Group first acquired the relevant shares after 31 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THIMG is principally engaged in investment in the healthcare business; and provision and management of healthcare and related services. CFH is principally engaged in the independent financial advisory business, money lending business, proprietary investment business, asset management business, corporate finance business and securities dealing business. RCGH is principally engaged in the provision of biometric identification products, radio frequency identification products and solution services. FCFH is principally engaged in money lending business. AUH is principally engaged in the manufacture and sale of medical devices products, manufacture and sale of plastic moulding products, provision of public relations services and provision of human resources management services.

As the market sentiment has improved recently, the Board expects that performance in the Group's Major Investments will still be able to contribute positive returns for the Group in the near future. The Board will continue to closely monitor the performance of the securities in order to mitigate potential financial risks.

In order to further expand its securities business, the Group acquired 7% of the issued share capital of the Profit Network at a consideration of HK\$5,600,000 in January 2016. Profit Network Group is principally engaged in advising and dealing in securities in which the subsidiary of Profit Network is a licensed corporation in Hong Kong to carry out on businesses in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance ("SFO").

On 27 April 2016, the Group conditionally agreed to purchase 44% of the issued shares of the Profit Network at a Consideration of HK\$35,200,000. Upon Completion, Profit Network shall be owned as to 51% by the Group, Profit Network Group shall become a non-wholly owned subsidiaries of the Company and the financial results of the Profit Network Group will be consolidated into the consolidated financial statements of the Company. Up to the date of approval of these condensed consolidated financial statements, the acquisition of 44% of the issued shares of Profit Network has not yet completed and subject to certain conditions precedent. For detail, please refer to the announcement of the Company dated 27 April 2016.

Food and beverage business

The Group stepped into food and beverage business in April 2015 via acquisition of 51% in the issued shares of a company, which is principally engaged in the provision of the food and beverage services in Hong Kong. During the period, turnover amounted to approximately HK\$1,434,000 (31 March 2015: Nil). As the food and beverage business is still in the development stage, the Group remains optimistic about its potential for development, and hopes to generate higher returns for shareholders by mapping out a business strategy for expanding its business aggressively.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Formation of a joint venture

By forming a joint venture which is 50% owned by the Group in October 2015, the Group is now operating the joint venture company to carry out investment in the business of operating restaurants, cafes and takeaway outlets as well as providing food and beverage in the Southeast Asia region.

Information technology business

In September 2015, the Group completed the disposal of the entire issued share capital of Sky Red International Limited (incorporated in the British Virgin Islands with limited liability) and its subsidiaries Oasis Island Ventures Limited and 易寶電腦系統(北京)有限公司 (in English for identification purpose only, EPRO Computer Systems (Beijing) Co., Ltd.) (collectively known as “Sky Red Group”) to Mr. He Huaguang, who was a director of EPRO Computer Systems (Beijing) Limited (“EPRO”), at a consideration of HK\$2,000,000. Sky Red Group’s main business was EPRO which is incorporated in the PRC with limited liability and principally engaged in the provision of professional information technology contracts and maintenance services. Upon disposal of Sky Red Group, the Group has discontinued the operation of the information technology business.

Milk powder business

In December 2015, the Group completed disposal of its 55% equity interest in Zhao Hui Holdings Limited (“Disposal”).

The Group ceased to have any interest in the Zhao Hui Group and discontinued its milk powder business.

The Disposal allows the Group to focus on the income stream from remaining business dimensions and to use the proceeds from the Disposal for the general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Completion of Capital reorganisation

Pursuant to a special general meeting held on 3 February 2016, the special resolution in relation to capital reorganisation comprising the share consolidation, the capital reduction and the share subdivision was duly passed by way of poll and took effect on 4 February 2016.

After the capital reorganisation,

- (1) Every 5 issued and unissued existing shares of par value of HK\$0.01 each in the share capital of the Company were consolidated into 1 consolidated share of par value of HK\$0.05 each.
- (2) the par value of each of the then issued consolidated shares were reduced from HK\$0.05 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.04 on each of the then issued consolidated shares, the credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional consolidated share in the issued share capital of the Company which may arise from the share consolidation, which together, amount to approximately HK\$15,782,000, were credited to the contributed surplus account of the Company.
- (3) each of the then authorised but unissued consolidated shares of par value of HK\$0.05 each was sub-divided into 5 new shares of par value of HK\$0.01 each.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Completion of open offer

On 23 February 2016, the Company announced its proposal to raise not less than approximately HK\$19,700,000 and not more than approximately HK\$20,900,000 before expenses by issuing not less than 197,265,375 offer shares and not more than 209,355,375 offer shares at HK\$0.10 per offer share on the basis of one offer share for every two existing shares in issue held on 17 March 2016.

The Open Offer was fully-underwritten by Nuada Limited (the “Underwriter”) pursuant to the underwriting agreement dated 23 February 2016 entered into by and between the Company and Underwriter and was completed on 14 April 2016 with a total of 197,265,375 new shares with an aggregate nominal value of approximately HK\$2.0 million issued on the same date, on the basis of 394,530,750 shares in issue on 17 March 2016, being the record date of the Open Offer. The net proceeds, after deducting relevant expenses payable in relation to the Open Offer, amounted to approximately HK\$17.5 million.

The Company raised approximately HK\$19.7 million before expenses from the Open Offer. The net proceeds from the Open Offer, after deducting relevant expenses, are estimated to be approximately HK\$17.5 million. The Board intends to apply the net proceeds from the Open Offer as to approximately HK\$10.0 million for investment of certain new business projects including food and beverage business and/or processing and sales of food products and the remaining of approximately HK\$7.5 million will be used as general working capital of the Group.

Details of the Open Offer are set out in the Company’s announcements dated 23 February 2016 and 9 March 2016 and the Company’s prospectus dated 18 March 2016. The Open Offer was completed on 14 April 2016. In the event of any such change in use of proceeds, the Company will make an announcement in accordance with the requirements of the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Prospect

Going forward, the Group will focus efforts on expanding its money lending business, securities investment, trading and related business and food and beverage business. The Director is confident in the money lending business in Hong Kong, and will continue to invest in the segment to further broaden and strengthen its income stream. The Group is also optimistic about the food and beverage market and will take a flexible and cautious approach to the operation of this segment by formulating effective business strategies to keep pace with the latest market trend and actively exploring new business opportunities so as to sustain favorable profits for the Group. The Group will continue to develop the securities investment and trading and related business by expanding its scope, to seize opportunities for bringing new impetus for its revenue growth, and to contribute benefits to the Group by formulating business strategies accordingly in line with market trends.

Riding on its intrinsic strength, the Group will continue to build on and reinforce its strength by identifying potential investment opportunities in the market to grasp any potential business opportunities and expand its business scopes, in order to add new impetus to the Group. In addition, based on its foresight of various business markets, the Group will allocate more resources to the business with sustainable growth potential, and implement development strategy in a timely manner, such as disposal of loss-making business due to the uncertainties of the market. The board of directors is of the view that with the Group's solid foundation and extensive experience of a professional management team, it is well positioned to achieve better results and further enhance its market position, thus creating more fruitful returns 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 2016 (31 March 2015: 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 6 May 2016 on the basis of 591,796,125 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 59,179,612.

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.

SHARE OPTION SCHEMES (CONT'D)

The options must be taken up within 21 days from the date of grant upon payment of HK\$1 and are exercisable over a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than ten years from the date of adoption of the 2013 Share Option Scheme.

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.

No participant shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in 12-month period up to and including the date of grant to such participant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting. A circular must be sent to the shareholders of the Company disclosing the identity of the proposed grantee, the number and terms of the options granted and to be granted.

Where any grant of option is to a substantial shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director or any of their respective associates (as defined in the GEM Listing Rules) and the proposed grant of option, when aggregated will result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of grant, (i) representing in aggregate over 0.1% of the shares in issue; and (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million, then such proposed grant of option(s) must be subject to approval by shareholders on a poll in a general meeting where all connected persons (as defined in the GEM Listing Rules) of the Company must abstain from voting in favour at such general meeting (except where such connected person(s) (as defined in the GEM Listing Rules) intend(s) to vote against the proposed grant of option(s) and his intention to do so has been stated in the circular).

SHARE OPTION SCHEMES (CONT'D)

Share options to subscribe for up to 122,200,000 shares were granted to directors, employees and other eligible persons on 12 August 2014. Pursuant to the terms of the Share Options Scheme, adjustments to the terms of the Existing Share Options may be made in the event of any alteration in the capital structure of the Company including by way of capital reorganization and open offer. As at 31 March 2016, adjusted share options to subscribe for up to 23,920,000 remained outstanding. No share option had been exercised under the scheme for the period ended 31 March 2016.

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 (Note 1)	Outstanding as at 1 January 2016 (Note 1)	Granted during the Period	Exercised or Lapsed during the Period	Outstanding as at 31 March 2016
<i><u>Directors:</u></i>							
Mr. Zhou Jing	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.5520	2,600,000	-	-	2,600,000
Mr. Lam Chun Kei	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.5520	2,600,000	-	-	2,600,000
Mr. Lin Chuen Chow Andy	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.5520	260,000	-	(260,000)	-
Mr. Lee Kin Fai	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.5520	260,000	-	-	260,000
Ms. Cheng Lo Yee	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.5520	260,000	-	-	260,000
Sub-total				5,980,000	-	(260,000)	5,720,000
Employees	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.5520	5,200,000	-	-	5,200,000
<i><u>Other eligible persons:</u></i>							
Consultants	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.5520	7,800,000	-	-	7,800,000
Directors of a subsidiary	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.5520	5,200,000	-	-	5,200,000
Sub-total				13,000,000	-	-	13,000,000
Grand Total				24,180,000	-	(260,000)	23,920,000

SHARE OPTION SCHEMES (CONT'D)

Note:

- (1) The exercise price of the share options scheme and the number of shares to be allotted and issued upon exercising of the share options were adjusted to 24,180,000 shares with exercise price of HK\$0.5520 after the capital reorganisation became effective on 4 February 2016.

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 2016, 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 2016.

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 2016, the Directors and chief executive of the Company had the following interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 were as follows:

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 percentage of interest (Note 2)
Mr. Zhou Jing	Beneficial owner	2,600,000	0.66%
Mr. Lam Chun Kei	Beneficial owner	2,600,000	0.66%
Mr. Lee Kin Fai	Beneficial owner	260,000	0.07%
Ms. Cheng Lo Yee	Beneficial owner	260,000	0.07%

Note:

1. Pursuant to the terms of the Share Options Scheme, adjustments to the terms of the Existing Share Options may be made in the event of any alteration in the capital structure of the Company including by way of capital reorganization and open offer. These Shares represent underlying Shares with an exercise period from 12 August 2014 to 11 August 2016 and can be exercised at the exercise price of HK\$0.552 per Share.
2. The percentage shareholding in the Company is calculated by reference to the number of Shares in issue as at 31 March 2016, that is, 394,530,750 Shares.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES OF THE COMPANY (CONT'D)

Long positions in underlying shares of the Company (Cont'd)

Save as disclosed above, as at the 31 March 2016, none of the Directors and chief executive of the Company had any interest and 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 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 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.

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 2016, 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
China Green (Holdings) Limited (formerly known as China Culiangwang Beverages Holdings Limited)	Beneficial owner	98,600,000 (L)	24.99%

SUBSTANTIAL SHAREHOLDERS' INTERESTS (CONT'D)

Note:

1. The letter (L) above denotes long position.

Save as disclosed above, as at 31 March 2016, 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

Mr. Lee Kin Fai, an independent non-executive Director, is an independent non-executive director of First Credit Finance Group Limited (Stock Code: 8215), a company listed on GEM of the Stock Exchange and principally engaged in money lending business in Hong Kong, which may compete with the Group's money lending business.

Save as disclosed above, none of the Directors nor their respective associates had any business which competes or may compete with the business of the Group.

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 2016.

CORPORATE GOVERNANCE CODE

During the period ended 31 March 2016, 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.

CORPORATE GOVERNANCE CODE (CONT'D)

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 2016.

On behalf of the Board
China Demeter Investments Limited
Zhou Jing
Chairman and Chief Executive Officer

Hong Kong, 13 May 2016

As at the date of this report, the Board comprises three executive Directors, namely, Mr. Zhou Jing, Mr. Lam Chun Kei and Mr. Ng Ting Ho; and three independent non-executive Directors, namely Mr. Lee Kin Fai, Ms. Cheng Lo Yee and Mr. Hung Kenneth.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company's website at www.chinademeter.com.