



**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)**

**FINAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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

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

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

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*This announcement, 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 GEM (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 announcement 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 announcement misleading.*

## RESULTS

The board of directors (the “Board”) of the Company announces the audited consolidated final results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2015 together with the comparative figures for the year ended 31 December 2014 as follows:

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

For the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000 (Restated)
<b>Continuing operations</b>			
Revenue	4	57,721	18,063
Cost of sales and services		<u>(35,955)</u>	<u>(6,029)</u>
Gross profit		21,766	12,034
Other income, other gains and losses	4	11,327	6,821
Selling and distribution costs		(171)	(178)
General and administrative expenses		(19,736)	(23,846)
Change in fair value of biological assets less costs to sell		530	5
Change in fair value of financial asset through profit or loss		3,616	(23,382)
Impairment loss of available-for-sale investment		(5,934)	–
Impairment loss of property, plant and equipment		–	(6,214)
Reversal of impairment loss on investing loan		–	16,795
Share of loss of a joint venture		(718)	–
Finance costs	5	<u>(252)</u>	<u>(101)</u>
Profit (loss) before tax		10,428	(18,066)
Income tax expense	6	<u>(1,273)</u>	<u>(24)</u>
Profit (loss) for the year from continuing operations	8	<u>9,155</u>	<u>(18,090)</u>
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	7	<u>3,850</u>	<u>214</u>
Profit (loss) for the year		<u><b>13,005</b></u>	<u><b>(17,876)</b></u>
<b>Other comprehensive income (expense)</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		(4,501)	57
Share of other comprehensive expense of a joint venture		(230)	–
Reclassification adjustments relating to foreign operations disposed of during the year		919	–
Change in fair value of available-for-sale investment		–	(284)
Reclassification upon impairment of available-for-sale investment		<u>284</u>	<u>–</u>
Other comprehensive expense for the year		<u>(3,528)</u>	<u>(227)</u>
<b>Total comprehensive income (expense) for the year</b>		<u><b>9,477</b></u>	<u><b>(18,103)</b></u>

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

For the year ended 31 December 2015

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000 (Restated)
<b>Profit (loss) for the year attributable to:</b>			
– Owners of the Company		<b>6,168</b>	(15,289)
– Non-controlling interests		<b>6,837</b>	(2,587)
		<u><b>13,005</b></u>	<u>(17,876)</u>
<b>Total comprehensive income (expense) attributable to:</b>			
– Owners of the Company		<b>5,544</b>	(15,531)
– Non-controlling interests		<b>3,933</b>	(2,572)
		<u><b>9,477</b></u>	<u>(18,103)</u>
<b>Earnings (loss) per share</b>			
	<i>9</i>		
– for continuing and discontinued operations			
Basic ( <i>HK cents</i> )		<u><b>1.86</b></u>	<u>(6.33)</u>
Dilutive ( <i>HK cents</i> )		<u><b>1.86</b></u>	<u>(6.33)</u>
– for continuing operations			
Basic ( <i>HK cents</i> )		<u><b>1.69</b></u>	<u>(6.42)</u>
Dilutive ( <i>HK cents</i> )		<u><b>1.69</b></u>	<u>(6.42)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>8,637</b>	46,181
Prepaid lease payments		<b>968</b>	1,024
Goodwill		<b>373</b>	5,615
Investment in a joint venture		<b>14,052</b>	–
Biological assets	<i>10</i>	<b>523</b>	176
Loans and interest receivables	<i>13</i>	<b>11,587</b>	26,250
Available-for-sale investments		<b>38,503</b>	6,723
		<u><b>74,643</b></u>	<u>85,969</u>
<b>Current assets</b>			
Biological assets	<i>10</i>	<b>1,054</b>	863
Inventories		<b>1,287</b>	7,621
Trade receivables	<i>11</i>	<b>2,477</b>	5,556
Loans and interest receivables	<i>13</i>	<b>110,605</b>	156,608
Deposits, prepayments and other receivables	<i>12</i>	<b>12,538</b>	22,192
Amount due from a non-controlling interest		–	3
Financial assets at fair value through profit or loss	<i>14</i>	<b>90,428</b>	524
Cash and bank balances		<b>69,562</b>	119,860
		<u><b>287,951</b></u>	<u>313,227</u>
<b>Current liabilities</b>			
Trade and other payables	<i>16</i>	<b>9,732</b>	32,464
Amounts due to non-controlling interests		–	15,367
Bank borrowing	<i>15</i>	–	5,905
Current tax liabilities		<b>813</b>	13
		<u><b>10,545</b></u>	<u>53,749</u>
<b>Net current assets</b>		<u><b>277,406</b></u>	<u>259,478</u>
<b>Total assets less current liabilities</b>		<u><b>352,049</b></u>	<u><b>345,447</b></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2015

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u>403</u>	<u>349</u>
<b>Net assets</b>		<u><b>351,646</b></u>	<u>345,098</u>
<b>Capital and reserves</b>			
Share capital		19,727	15,609
Reserves		<u>322,327</u>	<u>274,949</u>
Equity attributable to owners of the Company		<b>342,054</b>	290,558
Non-controlling interests		<u>9,592</u>	<u>54,540</u>
<b>Total equity</b>		<u><b>351,646</b></u>	<u>345,098</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	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	Retained profit (Accumulated losses) HK\$'000	Sub-total HK\$'000	Attributable to non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2014	27,752	161,862	-	61,545	873	-	2,892	-	(167,813)	87,111	-	87,111
Loss for the year	-	-	-	-	-	-	-	-	(15,289)	(15,289)	(2,587)	(17,876)
Other comprehensive income (expense) for the year	-	-	-	-	-	-	42	(284)	-	(242)	15	(227)
Total comprehensive income (expense) for the year	-	-	-	-	-	-	42	(284)	(15,289)	(15,531)	(2,572)	(18,103)
Non-controlling interests arising on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	47,780	47,780
Additional non-controlling interests arising on partial disposal of subsidiaries	-	-	-	-	-	-	-	-	(3,332)	(3,332)	9,332	6,000
Recognition of equity-settled share-based payments	-	-	-	-	-	4,730	-	-	-	4,730	-	4,730
Lapse of share option	-	-	-	-	-	(58)	-	-	58	-	-	-
Issue of subscription shares	2,600	42,900	-	-	-	-	-	-	-	45,500	-	45,500
Right issues of shares	180,391	-	-	-	-	-	-	-	-	180,391	-	180,391
Capital Reorganisation	(195,134)	-	195,134	-	-	-	-	-	-	-	-	-
Transaction costs attributable to issue of shares	-	(8,311)	-	-	-	-	-	-	-	(8,311)	-	(8,311)
Cancellation of share premium	-	(153,551)	153,551	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014	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 year	-	-	-	-	-	-	-	-	6,168	6,168	6,837	13,005
Other comprehensive income (expense) for the year	-	-	-	-	-	-	(908)	284	-	(624)	(2,904)	(3,528)
Total comprehensive income (expense) for the year	-	-	-	-	-	-	(908)	284	6,168	5,544	3,933	9,477
Non-controlling interests arising on acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	(101)	(101)
Disposal of the Zhao Hui Group (Note 7)	-	-	-	-	-	-	-	-	-	-	(48,780)	(48,780)
Issue of subscription shares	830	13,695	-	-	-	-	-	-	-	14,525	-	14,525
Issue of placing shares	3,288	29,588	-	-	-	-	-	-	-	32,876	-	32,876
Transaction costs related to issue of shares	-	(1,449)	-	-	-	-	-	-	-	(1,449)	-	(1,449)
Amount transferred to write off accumulated losses (Note (i))	-	-	(188,432)	-	-	-	-	-	188,432	-	-	-
Balance at 31 December 2015	19,727	84,734	160,253	61,545	873	4,672	2,026	-	8,224	342,054	9,592	351,646

## Note:

- (i) Pursuant to the special resolution passed in an extraordinary general meeting (“EGM”) held on 24 April 2014 and took effect on 5 June 2014, the Directors was authorised to use HK\$195,134,000 credit balance in the contribution surplus account result from the reduction of the paid-up capital of the Company to eliminating or setting off the accumulated losses of the Company. During the year ended 31 December 2015, HK\$188,432,000 (2014: nil) credit balance in the contribution surplus account was used to eliminate the accumulated losses of the Company.

## NOTES

### 1. GENERAL INFORMATION

China Demeter Investments Limited (formerly known as Oriental Unicorn Agricultural Group Limited) (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 22 September 2000 under the Companies Laws of the Cayman Islands.

In 2014, the Company has been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda and the change of domicile became effective on 8 May 2015 (Bermuda time).

The shares of the Company are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is located at Unit A, 15/F, Nathan Tower, 518-520 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. During the year, the Company and its subsidiaries (collectively the “Group”) was involved in the following principal activities:

- manufacturing, development and distribution of feedstock products, animal husbandry and related activities in the People’s Republic of China (the “PRC”);
- provision of loan financing in Hong Kong;
- investment in listed and unlisted securities;
- provision of professional IT contract and maintenance services in the PRC;
- processing and sales of food products; and
- food and beverage business.

Following the completion of disposal of Sky Red International Limited and its subsidiaries and Zhao Hui Holdings Limited and its subsidiaries in September 2015 and December 2015 respectively, the Group’s operations in provision of professional IT contracts and maintenance services in the PRC and processing and sales of food products have been ceased.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied for the first time in current year the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”):

Amendments to HKAS 19	<i>Defined benefits plans: Employee contributions</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2010 – 2012 Cycle</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2011 – 2013 Cycle</i>

The directors consider that other than the additional disclosures, the adoption of the amendments to HKFRSs has no material effect on the Group’s consolidated financial statements.

### **New and revised HKFRSs in issue but not yet effective**

The Group has not early applied the following new standards and amendments to standards that have been issued but are not yet effective:

HKFRS 9	<i>Financial Instruments</i> <sup>3</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>2</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>3</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	<i>Agricultural: Bearer Plants</i> <sup>1</sup>
Amendments to HKAS 1	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to HKAS 27	<i>Equity Method in Separate Financial Statements</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale and Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>1</sup>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2012 – 2014</i> <sup>1</sup>

<sup>1</sup> Effective for accounting periods beginning on or after 1 January 2016.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

<sup>3</sup> Effective for accounting periods beginning on or after 1 January 2018.

<sup>4</sup> Effective for accounting periods beginning on or after a date to be determined.



### 3. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

- Agricultural segment comprises the feedstock business and the animal husbandry business in the PRC;
- Money lending segment comprises provision of loan financing in Hong Kong;
- Securities investment segment comprises investment in listed securities; and
- Food and beverage business in Hong Kong.

Two operations (IT business segment comprises provision of professional IT contract and maintenance services in the PRC and processing and sales of food product segment) were discontinued in the current year. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 7. Certain comparative figures have been reclassified to conform with current year’s presentation.

#### Segment revenue and results

The following is an analysis of the Group’s revenue and results from continuing operations by reportable segment:

Continuing operations	Agricultural		Money lending		Securities investment		Food and beverage business		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
										(Restated)
<b>Segment revenue</b>										
Revenue from external customers	<u>39,962</u>	7,528	<u>13,367</u>	10,160	<u>-</u>	375	<u>4,392</u>	-	<u>57,721</u>	18,063
Segment profit (loss)	<u>6,719</u>	(2,442)	<u>11,512</u>	9,090	<u>2,519</u>	(23,044)	<u>(609)</u>	-	<u>20,141</u>	(16,396)
Other income, other gains and losses									11,327	957
Impairment loss of available-for-sale investment									(5,934)	-
Share of loss of a joint venture									(718)	-
Reversal of impairment loss of investment loan									-	16,795
Finance costs									(252)	(101)
Central administration costs									(14,136)	(19,321)
Profit (loss) before tax									<u>10,428</u>	<u>(18,066)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: nil).

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of other income, other gains and losses, impairment loss of available-for-sale investment, share of loss of a joint venture, reversal of impairment loss of investing loan, finance costs and central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

### 3. SEGMENT INFORMATION (Continued)

#### Segment assets and liabilities

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

	Agricultural		Money lending		Securities investment		Food and beverage business		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment assets</b>	<b>25,586</b>	18,552	<b>126,705</b>	202,921	<b>107,632</b>	632	<b>1,115</b>	–	<b>261,038</b>	222,105
Assets relating to discontinued IT business and processing and sales of food products operations									–	113,238
Investment in a joint venture									<b>14,052</b>	–
Available-for-sale investments									<b>38,503</b>	6,723
Corporate and unallocated assets									<b>49,001</b>	57,130
Consolidated assets									<b>362,594</b>	<b>399,196</b>
<b>Segment liabilities</b>	<b>7,140</b>	5,650	<b>80</b>	–	<b>1,137</b>	–	<b>355</b>	–	<b>8,712</b>	5,650
Liabilities relating to discontinued IT business and processing and sales of food products operations									–	46,402
Corporate and unallocated liabilities									<b>2,236</b>	2,046
Consolidated liabilities									<b>10,948</b>	<b>54,098</b>

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

- all assets are allocated to operating segments other than investment in a joint venture, available-for-sale investments, corporate and unallocated assets. Goodwill is allocated to operating segments; and
- all liabilities are allocated to operating segments other than corporate and unallocated liabilities.

### 3. SEGMENT INFORMATION (Continued)

#### Other segment information

Continuing operations	Agricultural		Money lending		Securities investment		Food and beverage business		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment profit or loss										
Depreciation	1,308	1,891	40	12	-	-	67	-	1,415	1,903
Unallocated depreciation									110	106
									1,525	2,009
Amortisation	23	23	-	-	-	-	-	-	23	23
Impairment of property, plant and equipment	-	6,214	-	-	-	-	-	-	-	6,214
Addition to non-current assets (Note)	-	952	28	185	-	-	529	-	557	1,137
Unallocated									-	37
Total additions to non-current assets									557	1,174

Note: Non-current assets excluded those relating to discontinued operations, investment in a joint venture, biological assets and financial instruments.

#### Geographical information

The Group's continuing operations are located in the PRC and Hong Kong.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)
PRC	39,962	7,528	9,309	10,795
Hong Kong	17,759	10,535	1,192	606
Singapore	-	-	14,052	-
	57,721	18,063	24,553	11,401

Note: Non-current assets excluded those relating to discontinued operations and financial instruments.

### 3. SEGMENT INFORMATION (Continued)

#### Information about major customers

Revenue from customers from continuing operations of corresponding years contributing over 10% of total revenue of the Group is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Customer A	11,571 <sup>2</sup>	N/A <sup>1</sup>
Customer B	N/A <sup>1</sup>	3,491 <sup>2</sup>
	<u>11,571</u>	<u>3,491</u>

<sup>1</sup> The corresponding customer did not contribute over 10% or more to the Group's revenue in the respective year

<sup>2</sup> Revenue from agricultural segment

### 4. REVENUE AND OTHER INCOME, OTHER GAINS AND LOSSES

An analysis of the Group's revenue and other income, other gains and losses from continuing operations for the year is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
<b>Revenue</b>		
Sale of feedstock products and animal husbandry products	39,962	7,528
Dividend income from listed equity investments	–	375
Loan interest income	13,367	10,160
Provision of food and beverage services	4,392	–
	<u>57,721</u>	<u>18,063</u>
<b>Other income, other gains and losses</b>		
Bank interest income	12	20
Dividend income from available-for-sale investments	10,954	–
Loss on disposal of property, plant and equipment	–	(211)
Net foreign exchange gain	166	–
Reversal of impairment loss of trade receivables	–	6,075
Sundry income	195	937
	<u>11,327</u>	<u>6,821</u>

## 5. FINANCE COSTS

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>

### Continuing operations

Interest on bank and other borrowings	<u>252</u>	<u>101</u>
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## 6. INCOME TAX EXPENSE

### Continuing operations

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>

#### Current tax

PRC Enterprise Income Tax	56	24
Hong Kong Profits Tax	<u>80</u>	<u>–</u>

	<u>136</u>	<u>24</u>
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#### Under-provision in prior years

Hong Kong Profits Tax	<u>734</u>	<u>–</u>
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#### Deferred tax

	<u>403</u>	<u>–</u>
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#### Total income tax expense recognised in profit or loss

	<u>1,273</u>	<u>24</u>
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Hong Kong Profits Tax is calculated at 16,5% of the estimated assessable profit for both years.

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 years.

## 7. 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 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 an extraordinary general meeting held on 8 September 2015. The disposal was completed on 23 September 2015.

The consolidated assets and liabilities and loss on disposal of the Sky Red Group as at the date of disposal is as follows:

	<i>HK\$’000</i>
Property, plant and equipment	124
Inventories	461
Trade receivables	4,990
Deposits, prepayments and other receivables	1,260
Cash and bank balances	2,358
Trade and other payables	<u>(6,483)</u>
Net assets disposed of	<u>2,710</u>
Loss on disposal:	
Consideration	2,000
Net assets disposed of	(2,710)
Release of foreign currency exchange reserve	<u>(84)</u>
Loss on disposal	<u><u>(794)</u></u>

## 7. DISCONTINUED OPERATIONS (Continued)

### 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 an extraordinary general meeting held on 9 December 2015. The disposal was completed on 10 December 2015.

At the same time of entering the SP Agreement by the Group, the 45% minority shareholder of Zhao Hui and 40% minority shareholder of Globe Year have entered agreements to dispose of their respective equity interests in Zhao Hui and Globe Year to FTEL (“Minority Disposals”). As a result, the Company no longer has the power to exercise its control over the Zhao Hui Group, which control was previously supported by a voting consensus agreement amongst the Group and the two minority shareholders. As the Company lost control of the Zhao Hui Group, each member of the Zhao Hui Group ceased to be subsidiaries of the Company and the Company became as a minority shareholder of the Zhao Hui Group.

Further, as a result of the Dispute, the Group could not obtain the accounting records of Viplus, the subsidiary contributing most of the profits of the Zhao Hui Group since July 2015. The board of directors (the “Board”) considered using the financial information of the Zhao Hui Group as at and for the six months ended 30 June 2015 for the purpose of derecognition of the Zhao Hui Group. Moreover, upon the Minority Disposals, the Company lost its controlling power on the Zhao Hui Group, the Board considered that the Company became a minority shareholder of the Zhao Hui Group. Therefore, the Zhao Hui Group has been derecognised as subsidiaries of the Group and has been recognised as available-for-sale investment from the date control was lost (i.e. 30 September 2015).

The financial impact of derecognition of the Zhao Hui Group is reference to the consolidated management accounts as at and for the six months ended 30 June 2015, information available to the Board up to the date of this announcement. The derecognition of the Zhao Hui Group resulted in a gain on deemed disposal of approximately HK\$2,153,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015.

## 7. DISCONTINUED OPERATIONS (Continued)

The consolidated assets and liabilities and gain on deemed disposal of the Zhao Hui Group as at the date of deemed disposal is as follows:

HK\$'000

Property, plant and equipment	53,067
Inventories	10,195
Trade receivables	8,722
Loans and interest receivables	12,180
Amount due from a non-controlling interest	3
Deposits, prepayments and other receivables	18,162
Cash and bank balances	20,475
Trade and other payables	(43,362)
Amounts due to non-controlling interests	(15,286)
Bank borrowing	(5,557)
Deferred tax liabilities	(349)
Non-controlling interests	(48,780)
	<hr/>
Net assets disposal of	9,470
	<hr/>
Goodwill	5,615
	<hr/>
Net assets disposal of and goodwill derecognised	<u>15,085</u>
	<hr/>
Transfer to available-for-sale investment	18,073
Net assets disposed of and goodwill derecognised	(15,085)
Release of foreign currency exchange reserve	(835)
	<hr/>
Gain on deemed disposal	<u>2,153</u>



## 7. DISCONTINUED OPERATIONS (Continued)

The results for the year from the discontinued operations (i.e. IT business and processing and sales of food products business) included in the consolidated statement of profit or loss and other comprehensive income are set out below. Since the Group could not obtain the financial information of Viplus since July 2015 for the purpose of preparing the consolidated financial statements of the Group for the year ended 31 December 2015, the Group has accounted for the results for discontinued operation of the Zhao Hui Group based on the consolidated management accounts of the Zhao Hui Group for the six months ended 30 June 2015. The comparative figures in the 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 current year.

	2015			2014		
	Processing and sales of food products			Processing and sales of food products		
	IT business <i>HK\$'000</i>	business <i>HK\$'000</i>	Total <i>HK\$'000</i>	IT business <i>HK\$'000</i>	business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	13,328	52,095	65,423	10,676	–	10,676
Cost of sales	(4,126)	(35,907)	(40,033)	(3,711)	–	(3,711)
Other income, other gains and losses	7	530	537	822	–	822
Selling and distribution costs	(2,474)	(2,468)	(4,942)	(2,210)	–	(2,210)
General and administrative expenses	(6,568)	(11,758)	(18,326)	(5,363)	–	(5,363)
Finance costs	–	(168)	(168)	–	–	–
Loss on disposal of the Sky Red Group	(794)	–	(794)	–	–	–
Gain on deemed disposal of the Zhao Hui Group	–	2,153	2,153	–	–	–
Profit (loss) for the year from discontinued operations	<u>(627)</u>	<u>4,477</u>	<u>3,850</u>	<u>214</u>	<u>–</u>	<u>214</u>
Attributable to:						
Owners of the Company	(627)	1,195	568	214	–	214
Non-controlling interests	–	3,282	3,282	–	–	–
	<u>(627)</u>	<u>4,477</u>	<u>3,850</u>	<u>214</u>	<u>–</u>	<u>214</u>
Profit (loss) for the year from discontinued operations include the following:						
Depreciation	(51)	(1,338)	(1,389)	(30)	–	(30)
Impairment loss of trade receivables	–	–	–	(686)	–	(686)

## 8. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Profit (loss) for the year from continuing operations has been arrived at after charging:		
Employee benefits expense (excluding directors' emoluments)		
– Salaries and other benefits	2,305	2,704
– Contributions to retirement benefits schemes	161	155
– Equity-settled share-based payments	–	2,032
Directors' emoluments	<u>2,238</u>	<u>3,618</u>
Total staff costs	<u>4,704</u>	<u>8,509</u>
Cost of inventories recognised as an expense (included in cost of sales and services)	31,653	3,705
Auditors' remuneration	680	550
Amortisation of prepaid lease payments	23	23
Depreciation of property, plant and equipment	1,525	2,009
Equity-settled share-based payments granted to consultant	–	1,308
Net foreign exchange loss	–	90
Loss on disposal of property, plant and equipment	–	211
Minimum lease payments paid under operating leases in respect of land and buildings	<u>1,294</u>	<u>1,092</u>

## 9. EARNINGS (LOSS) PER SHARE

### From continuing and discontinued operations

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
<i>Earnings (loss)</i>		
Earnings (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings (loss) per share	<u>6,168</u>	<u>(15,289)</u>

## 9. EARNINGS (LOSS) PER SHARE (Continued)

### Number of shares

	2015 '000	2014 '000 (Restated)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings (loss) per share	<u>331,057</u>	<u>241,531</u>

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings (loss) per share for the years ended 31 December 2015 and 2014 has been adjusted to reflect the effect of consolidation of shares effected on 4 February 2016.

### From continuing operations

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

Earnings (loss) figures are calculated as follows:

	2015 HK\$'000	2014 HK\$'000
Profit (loss) for the year attributable to owners of the company	6,168	(15,289)
Less: Profit for the year attributable to owners of the Company from discontinued operations	<u>(568)</u>	<u>(214)</u>
Earnings (loss) for the year attributable to owners of the company for the purpose of calculating basic and diluted earnings (loss) per share from continuing operations	<u>5,600</u>	<u>(15,503)</u>

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

### From discontinued operations

	2015	2014
Earnings per share:		
– Basic (HK cents)	0.17	0.09
– Diluted (HK cents)	<u>0.17</u>	<u>0.09</u>

	2015 HK\$'000	2014 HK\$'000
Earnings for the year attributable to owners of the company for the purpose of calculating basic and diluted earnings per share from discontinued operations	<u>568</u>	<u>214</u>

## 9. EARNINGS (LOSS) PER SHARE (Continued)

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

The computation of diluted earnings (loss) per share for the years ended 31 December 2015 and 2014 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 price of share for both 2015 and 2014.

## 10. BIOLOGICAL ASSETS

Movements of the biological assets are summarised as follows:

	<b>Breeder</b>	<b>Slaughter</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>pigs</i>	<i>HK\$'000</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cost</b>			
Balance at 1 January 2014	210	878	1,088
Increase due to purchases	–	476	476
Increase due to raising (feeding cost and others)	399	2,675	3,074
Decrease due to sales	(432)	(3,165)	(3,597)
Decrease due to death	–	(1)	(1)
Gain arising from changes in fair value less costs to sell	1	4	5
Effect of foreign currency exchange differences	(2)	(4)	(6)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2014	176	863	1,039
Increase due to purchases	353	448	801
Increase due to raising (feeding cost and others)	199	8,416	8,615
Decrease due to sales	(505)	(8,815)	(9,320)
Decrease due to death	–	(6)	(6)
Gain arising from changes in fair value less costs to sell	324	206	530
Effect of foreign currency exchange differences	(24)	(58)	(82)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2015</b>	<b>523</b>	<b>1,054</b>	<b>1,577</b>

## 11. TRADE RECEIVABLES

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Trade receivables	<b>2,477</b>	6,242
Allowance for doubtful debts	—	(686)
	<u><b>2,477</b></u>	<u>5,556</u>

The following is an analysis of trade receivables by age, presented based on the invoice date, net of allowance for doubtful debts:

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
0 – 90 days	<b>2,477</b>	1,239
91 – 180 days	—	386
Over 180 days	—	3,931
	<u><b>2,477</b></u>	<u>5,556</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 to 90 days for major customers. The Group seeks to maintain strict control over its outstanding receivables and the management regularly reviews the overdue balances.

**12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Prepayments	<b>5,740</b>	2,981
Deposits and other receivables	<b>6,775</b>	19,188
	<hr/>	<hr/>
	<b>12,515</b>	22,169
Current portion of prepaid lease payments	<b>23</b>	23
	<hr/>	<hr/>
	<b>12,538</b>	22,192
	<hr/> <hr/>	<hr/> <hr/>

**13. LOAN AND INTEREST RECEIVABLES**

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Loans and interest receivables	<b>122,192</b>	182,858
	<hr/> <hr/>	<hr/> <hr/>
<i>Analysed as:</i>		
Current	<b>110,605</b>	156,608
Non-current	<b>11,587</b>	26,250
	<hr/>	<hr/>
	<b>122,192</b>	182,858
	<hr/> <hr/>	<hr/> <hr/>

**13. LOAN AND INTEREST RECEIVABLES (Continued)**

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0-90 days	59,127	73,518
91-180 days	10,058	31,050
Over 180 days	<u>53,007</u>	<u>78,290</u>
	<u><b>122,192</b></u>	<u><b>182,858</b></u>

**14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Held-for-trading investments		
Equity securities listed in Hong Kong	<u><b>90,428</b></u>	<u><b>524</b></u>

**15. BANK BORROWING**

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Secured bank loan	<u><b>–</b></u>	<u><b>5,905</b></u>

**16. TRADE AND OTHER PAYABLES**

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Trade payables	<b>1,682</b>	4,624
Other payables and accruals	<b>8,050</b>	27,840
	<u><b>9,732</b></u>	<u>32,464</u>

The following is an analysis of trade payables by age based on invoice date at the end of the reporting period:

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
0 – 90 days	<b>1,682</b>	2,674
91 – 180 days	–	316
181 – 365 days	–	548
Over 365 days	–	1,086
	<u><b>1,682</b></u>	<u>4,624</u>



## **EXTRACT OF INDEPENDENT AUDITORS' REPORT**

The following is the extract of the independent auditors' report from the external auditors of the Company:

### **Basis for qualified opinion**

During the year ended 31 December 2015, the directors of the Company considered that the Group had lost its control over Zhao Hui Holdings Limited ("Zhao Hui") and its subsidiaries (collectively referred to as the "Zhao Hui Group") on 30 September 2015 and ceased the milk formula processing, production and related business thereafter. In this regard, the results of the Zhao Hui Group are disclosed as a discontinued operation in the Group's consolidated financial statements for the year ended 31 December 2015. The Group subsequently disposed of its 55% interest in Zhao Hui on 10 December 2015.

As disclosed in note 9 to the consolidated financial statements, the Group has not been able to obtain access to the accounting records of Viplus Dairy Pty Limited ("Viplus"), a significant operating subsidiary of the Zhao Hui Group, as a result of the dispute with the existing shareholder of Australia Dairy. The Group has accounted for the gain on deemed disposal of the Zhao Hui Group and the results and cash flows of the discontinued operation based on the unaudited financial information of the Zhao Hui Group for the period from 1 January 2015 to 30 June 2015. Consequently, in the absence of any alternative procedures to be carried out in respect of the financial information of the Zhao Hui Group, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the profit for the year from discontinued operation of approximately HK\$4,477,000, which included the operating results of the Zhao Hui Group for the year ended 31 December 2015 of approximately HK\$2,324,000 and the gain on deemed disposal of the Zhao Hui Group of approximately HK\$2,153,000, included in "Discontinued Operations" in the Group's consolidated statement of profit or loss and other comprehensive income and the related note disclosures for the year ended 31 December 2015 were fairly stated and we were unable to determine whether any adjustments to these amounts were necessary. Any adjustment that might have been found to be necessary in respect of the abovementioned financial information would have a consequential effect on the Group's profit and cash flows for the year then ended and related disclosures in these consolidated financial statements.

In addition, the Group should cease to consolidate the results of the Zhao Hui Group from the date control was lost (i.e. 30 September 2015) and derecognise the consolidated assets and liabilities of the Zhao Hui Group from the consolidated financial statements on the date control was lost according to Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" ("HKFRS 10"). The exclusion of the results and cash flows of the Zhao Hui Group for the period from 1 July 2015 to 30 September 2015 from the consolidated financial statements is a departure from the requirements of HKFRS 10.

## **Qualified opinion**

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **DIVIDEND**

The Directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 December 2015 (2014: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL AND BUSINESS REVIEW**

China Demeter Investments Limited (formerly known as Oriental Unicorn Agricultural Group Limited) (the "Company") and its subsidiaries (the "Group") recorded a net profit attributable to owners of the Company of approximately HK\$6,168,000 for the year ended 31 December 2015, as compared to a loss attributable to owners of the Company of approximately HK\$15,289,000 last year, which was mainly attributable to the fair value gain of approximately HK\$3,616,000 (2014: fair value loss of approximately HK\$23,382,000) from financial assets at fair value through profit or loss during the year ended 31 December 2015. During the year, the Group's feedstock product and animal husbandry business segments recorded a profit of approximately HK\$6,719,000 as compared to a loss of approximately HK\$2,442,000 over the same period of 2014, and loan interest income arising from the Group's money lending business was approximately HK\$13,367,000 (2014: HK\$10,160,000).

The turnover of the Group from the continuing operations for the year was approximately HK\$57,721,000, representing an increase of approximately HK\$39,658,000 as compared to HK\$18,063,000 for the same period last year; while gross profit was approximately HK\$21,766,000 (2014: 12,034,000). As the income sources of the Group became more diversified, the turnover from the continuing operations for the year ended 31 December 2015 composed of the sales of feedstock and animal husbandry products was approximately HK\$39,962,000 (2014: HK\$7,528,000), loan interest income was approximately HK\$13,367,000 (2014: HK\$10,160,000) and the new business of provision of food and the beverage business was approximately HK\$4,392,000 (2014: Nil).

General and administrative expenses from the continuing operations during the year were approximately HK\$19,736,000, a decrease of approximately HK\$4,110,000 as compared to approximately HK\$23,846,000 for the same period last year. The decrease was mainly due to the payment expenses of approximately HK\$4,730,000 for the shares recognised as equity settlement for the same period last year, while such expenses were not incurred during the year.

## **AGRICULTURE BUSINESS**

China is the largest pork consumption market in the world and is expected to grow further. The growth of the feedstock product and animal husbandry industry in China is largely dependent on the pace of its urbanisation and improvement of people's living standard. The pork price is a reflection of the supply and demand of hogs.

The turnover of the feedstock product and animal husbandry business for the year was approximately HK\$39,962,000 (2014: HK\$7,528,000), representing an increase of approximately HK\$32,434,000 over the same period last year. The increase was mainly due to the suspended operation of the feedstock factory for the production of feedstock products since the first half of 2014 for fine tuning the production lines so as to improve the production process and product quality. The production lines were improved in the second half of 2014 and returned to normal operation in 2015. Moreover, it was because the price of pigs began to stabilise and pick up gradually in 2015, while the sales of feedstock and animal husbandry products increased as well.

## **MONEY LENDING BUSINESS**

The licensing of money lenders and regulation of money-lending transactions are governed by the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong, in which a person or company carrying on business as a money lender in Hong Kong must obtain a money lender's licence.

The market of money lending business by licensed money lenders in Hong Kong is keen and competitive. Based on the list of existing money lenders licensees as maintained by the Registrar of Companies in Hong Kong, there were more than 1,400 licensed money lenders (including applications for renewal in progress) in Hong Kong as at 31 December 2015.

The scope of money lending services provided by licensed money lenders generally includes personal loans, business loans and mortgage loans. Within a loan category, the interest rates, the length of term of loan and choice of instalments vary with each licensed money lender. In addition to competition with other licensed money lenders, licensed money lenders also compete with authorised institutions such as banks, restricted licensed banks and deposit-taking companies in the provision of money lending services, although licensed money lenders may offer an advantage in providing loans with simpler approval procedures and greater flexibility.

Therefore, in view of the competitive landscape of the money lending business in Hong Kong, to reach potential borrowers who might compare lending services and products across various options, the brand exposure and target market are important to a licensed money lender.

The Group's money lending business do not generally target the general public. To differentiate from other licensed money lenders in the market, the target customers of the money lending business of the Group are mainly as follows:

- (i) as regards personal loans, the Group targets well-heeled and reputational customers, the occupations of which ranged from executives, businessmen to professionals; and
- (ii) as regards business loans, the Group targets well-established companies with business operations in Hong Kong and/or the People's Republic of China (The "PRC").

For the year ended 31 December 2015, the Group mainly provided fixed loans to individuals and companies where interests are payable by tailor-made schedule at fixed interest rate. The Group's money lending business will not usually grant loans to connected persons of the Company and for the year ended 31 December 2015, the Group has not granted any loan to the connected persons of the Company.

As at 31 December 2015, personal loans represented approximately 75% and business loans represented approximately 25% respectively in value of the Group's total active and outstanding loan portfolio as at 31 December 2015. All of the customers in the Group's money lending business are Hong Kong or PRC residents or companies with business operations in Hong Kong and the PRC and come from referral from the business partners of the Group.

The majority of our loans are short-term loans repayable within a year. As at 31 December 2015, 90% of outstanding loan balances were short-term loans repayable within one year and 10% of outstanding loan balances were long-term loans repayable beyond one year.

As at 31 December 2015, the effective interest rate of the active and outstanding loans in the loan portfolio of the Group's money lending business ranged from 5.0% to 12.0% per annum. Most of the loans granted by the money lending business of the Group are unsecured loans. To justify the higher credit risk, the Group typically charge a higher interest rate. Unsecured loans represented 93% of the Group's total active and outstanding loan portfolio as at 31 December 2015.

Given that the majority of the loans granted by the Group's money lending business are short-term loans provided to our customers who, as mentioned above, were well-heeled and reputational individuals and well-established companies who/which need short-term financing for personal/business needs, the collateral requirement was not viable as it was inconvenient to provide collaterals for short-term loans. Moreover, the creation and release of collaterals for short-term loans will create unnecessary administrative cost to the Group. In view of the higher underlying credit risk and lack of collateral, the Group could typically charge higher interest rates. Also, the Group usually required customers to provide signed and post-dated bank cheques with payments in accordance with tailor made repayment schedules.

For certain corporate customers, the Group has requested personal/corporate guarantees in order to enhance the recoverability of the loans. In determining whether a personal/corporate guarantee is required to add further security for the loan, the Group will consider, on a case by case basis, the reason for the borrowing, the credit history of the borrower with the Group, the borrower's financial background and the Group's credit exposure for the loan. As at 31 December 2015, loans which are backed by personal/corporate guarantees/mortgaged in respect of a property represented approximately 27% in number, and approximately 25% in value of our Group's total active and outstanding loan portfolio.

As at 31 December 2015 and as at the date of the Annual Report, no provision for the bad debts on loan receivables was made and there are no defaults on the customers of the Group's money lending business. All principals and interests are duly received.

### **Credit policy and loan approval process**

The board of Directors ("Board") has set up a credit committee ("Credit Committee") and adopted a credit policy for the credit approval procedures. The Credit Committee has full authority to deal with all credit matters. The members of the Credit Committee are appointed by the Board and the quorum of the Credit Committee is at least two committee members.

The primary duties of the Credit Committee are, among other things, to approve and oversee the credit policy of the Group's money lending business and to monitor our loan portfolio. The credit policy of the Group's money lending business is subject to the review and amendments by the Credit Committee and the Board from time to time in line with changes in market environment. Given the fast changing environment, the Board and the Credit Committee endeavor to review the credit policy at least once a year.

Loan applications are generally received by the Credit Committee members, who are responsible for verifying the loan application documents and processing the loan applications. Credit Committee members are the main contact point with the customers, and are responsible for collecting the customers' information and handling loan application documents throughout the loan application process.

After receipt of the loan applications, the Credit Committee will perform the credit assessment procedures to assess the repayment ability of customers. The Group has set out strict credit check procedures to verify the credit worthiness of the customers. As each loan is different and unique, the Group does not have any specific quantitative conditions or criteria imposed for approving its loan. Each loan is decided on a case-by-case basis.

The following is a summary of the general guidelines of assessing the loan applications by the Credit Committee:

- (1) Identity proof – such as identity card and passport (for individuals), and business registration certificate, certificate of incorporation and the constitutional documents (for corporate entities) must be verified;
- (2) Address proof – such as utility bills, bank/credit card statements or formal correspondence issued by a government or statutory body is required to be produced;
- (3) Repayment ability assessment – to assess and justify the repayment ability of the customer, criteria such as availability of guarantor, the background of the customer, and where applicable, the past payment record and any other relevant information are to be considered. The Credit Committee may request further information from the customer including but not limited to the followings: tax demand note, tax return, bank book record, bank statement, payroll slip, MPF statement, employer's letter, employment contract, rental income receipt, tenancy agreement, financial statements, and auditor's report etc.; and
- (4) Legal search – a legal search will be conducted on the customers (and as the case may be, the guarantors) to ascertain if the potential borrowers have any prior legal cases in the past, which may cast doubt on credit worthiness and repayment ability.

As with the credit assessment of borrowers, guarantors who provide personal/corporate guarantee in favour of a loan are also required to meet the same basic eligibility and approval criteria, and will be required to go through the same verification and approval procedures.

The Credit Committee members will also be responsible for determining the interest rates charged to the customers, having taken into consideration factors such as the credit risks of the customers, their recoverability and the prevalent market interest rates. Typically, higher interest rates will be charged for unsecured loans to justify the higher credit risk.

After credit assessment and review of the loan applications by the Credit Committee, loan documents will be prepared and the loans will be recommended to the directors of the wholly-owned subsidiary of the Company which operates the money lending business for final approval.

If the applicable percentage ratios as defined under the GEM Listing Rules in respect of the making of the loan under the loan application would constitute a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules, the loan application will be forwarded to the Board and a meeting of the Board will be held to consider and approve the loan application. It is the Group's policy not to make any advance to a borrower if such a proposed loan transaction will constitute a major transaction or above under the GEM Listing Rules.

During the year, the Group used its surplus liquidity to fund the money lending business carried out by its indirectly wholly-owned subsidiary, Way Union Finance Limited. Loan interest income from this business segment amounted to approximately HK\$13,367,000 during the year (2014: HK\$10,160,000). During the year, interests on the loan receivables were charged at a rate ranging from 5% to 15% per annum (2014: from 7% to 15%).

## **SECURITIES INVESTMENT**

The Group has made investment in the securities of listed and non-listed companies in order to diversify its investment portfolios and increase returns for shareholders. During the year, the fair value gain from financial assets at fair value through profit or loss was approximately HK\$3,616,000 (2014: a fair value loss of approximately HK\$23,382,000).

The financial assets held by the Group at fair value through profit or loss were all the shares of listed companies in Hong Kong. Of these assets, the investment value of the shares of four listed companies as at 31 December 2015 accounted for approximately 91% of the total market value of all the financial assets held by the Group at fair value through profit or loss as at 31 December 2015. These investments included (i) approximately 11,840,000 shares of Town Health International Medical Group Limited ("THIM") (representing approximately 0.16% of the issued share capital of THIM); (ii) 66,000,000 shares of Convoy Financial Holdings Limited ("Convoy Financial") (representing approximately 0.44% of the issued share capital of Convoy Financial); (iii) 35,860,000 shares of AMCO United Holding Limited ("AMCO United Holdings") (representing approximately 0.01% of the issued share capital of AMCO United Holdings); and (iv) 62,200,000 shares of RCG Holdings Limited ("RCG") (representing approximately 4.14% of the issued share capital of RCG). The respective shares of THIM, Convoy Financial, AMCO United Holdings and RCG are listed on the main board of the Stock Exchange. The Group's investments in THIM, Convoy Financial, AMCO United Holdings and RCG were collectively known as "Significant Investment".

THIM is principally engaged in investment in the healthcare business; provision and management of medical, dental and other healthcare-related services; as well as investment and trading in property and securities. Convoy Financial is principally engaged in the independent financial advisory business, lending business, proprietary investment business, asset management business and corporate finance advisory services. AMCO United Holdings is principally engaged in the manufacture and sale of medical products and equipment and plastic film products, provision of public relations services and human resources management services. RCG is principally engaged in the provision of biometric identification products, radio frequency identification products and solution services.

The weak trend in the stock market in the fourth quarter of 2015 resulted in a significant loss from the changes in the fair value of financial assets through profit or loss. However, gains were recorded as a whole in the fair value of the financial assets of the Group through profit or loss for the year ended 31 December 2015. As the market sentiment has improved recently, the Board expects that performance in the Significant Investment 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.

## **FOOD AND BEVERAGE BUSINESS**

In April 2015, the Group completed the acquisition of 51% of the issued shares of a company incorporated in Hong Kong, which is principally engaged in the provision of the food and beverage services in Hong Kong. During the year, turnover amounted to approximately HK\$4,392,000 (2014: 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.

## **FORMATION OF A JOINT VENTURE**

In October 2015, Eternal Speed International Limited (“Eternal Speed”), an indirect wholly-owned subsidiary of the Group, entered into a shareholders’ agreement with joint venture partners and a joint venture company in relation to a joint venture arrangement. The joint venture parties are now operating the joint venture company to carry out investment in the business of operating restaurants, cafes and take-away outlets as well as providing food and beverage in the Southeast Asia region.

The joint venture company is owned as to 50% by Eternal Speed and as to 50% by the joint venture partners. Pursuant to the shareholders’ agreement, the joint venture partners and Eternal Speed have, according to their respective shareholding in the joint venture company, subscribed for new joint venture shares at an aggregate subscription price of HK\$30,000,000 in cash. The subscription price of HK\$15,000,000 payable by Eternal Speed has been funded by the internal resources of the Group.



## **INFORMATION TECHNOLOGY BUSINESS**

### **Disposal of Sky Red Group**

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 arm 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**

### **Disposal of 55% equity interest in Zhao Hui and derecognition of Zhao Hui Group as a subsidiary of the Company**

The Group completed the acquisition of a 55% equity interest in Zhao Hui Holdings Limited (“Zhao Hui”, together with its subsidiaries, collectively known as “Zhao Hui Group”) in December 2014, and had thereafter expanded into the milk powder business via its holding of an indirect interest in Viplus Dairy Pty Limited (“Viplus”), which is incorporated in Victoria, Australia, with limited liability, 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. Viplus is owned by Australia Dairy Group Limited (“Australia Dairy”) as to 90% and by Globe Year Limited (“Globe Year”) as to 10%. Australia Dairy is owned by Globe Year as to 60%, and Globe Year is owned by Zhao Hui as to 60%. When carrying out the acquisition, 45% of the minority shareholders of Zhao Hui and 40% of the minority shareholders of Globe Year entered into certain investment arrangements, pursuant to which upon completion of the corporate restructuring under such investment arrangements on 31 December 2014, Zhao Hui Group became a non wholly-owned subsidiary of the Company after the acquisition.

Since May 2015, there has been a dispute between the Company and Fortunate Times Enterprises Limited (“FTEL”), a shareholder with a 40% equity interest in Australia Dairy, over the resignation and removal of a general manager of Viplus and Australia Dairy nominated by FTEL (the “Dispute”). In this connection, FTEL commenced arbitration proceedings against Globe Year and Australia Dairy at the Hong Kong International Arbitration Centre. In this arbitration case in Hong Kong, Globe Year and FTEL lodged a claim respectively and sought to acquire the shares of another party in Australia Dairy because of the Dispute.

Because of the Dispute, and the Group was unable to reach a consensus with FTEL on the future strategies of Viplus, the main asset of Zhao Hui Group. The Directors considered that since it was impossible or very difficult for Zhao Hui Group to be integrated into the Group in a timely manner due to the Dispute, the previously anticipated benefits of acquiring Zhao Hui Group would be significantly reduced.

The Group entered into a sale and purchase Agreement with FTEL on 30 September 2015, pursuant to which the Group agreed to dispose of a 55% equity interest in Zhao Hui to FTEL at a consideration of AUD3,227,400 (equivalent to approximately HK\$18,073,000). Upon completion of the disposal, the Group would no longer have any equity interest in Zhao Hui Group. The disposal presented a good opportunity to end the Dispute, realize the Group's investment in Zhao Hui Group and improve the Group's cash position.

At the same time of entering into the sale and purchase agreement, the minority shareholders with a 45% equity interest in Zhao Hui and the minority shareholders with a 40% equity interest in Globe Year had also entered into an agreement for disposing of their respective equity interests in Zhao Hui and Globe Year to FTEL. After the disposal, the Company no longer had the power to exercise control over Zhao Hui Group, which was originally supported when the Group entered into a voting consensus agreement with the two minority shareholders. Since the Company has lost the control over Zhao Hui Group, the member companies of Zhao Hui Group have ceased to be the subsidiaries of the Company, and the Company has become a minority shareholder of Zhao Hui Group, the performance of Zhao Hui Group will no longer be consolidated into the Group's financial statements.

Moreover, the Company has been unable to obtain the books and records of Viplus (the operating subsidiary of Zhao Hui Group) since July 2015 because of the Dispute. The Board considered using Zhao Hui Group's financial information as at 30 June 2015 to derecognise Zhao Hui Group as a subsidiary of the Company. For the financial impact as a result of the derecognition of Zhao Hui Group as subsidiary of the Company, reference was made to the unaudited consolidated management accounts as at and for the six months ended 30 June 2015 and information accessible as at the date of this announcement. Taking into account Australia Dairy's declaration and payment of interim dividends amounting to approximately HK\$5,387,000 attributable to the Group prior to the Disposal, the derecognition of Zhao Hui Group as a subsidiary of the Company will result in net proceeds of approximately HK\$7,540,000 which have been recognised in the consolidated profit and loss accounts as well as in other comprehensive income for the year ended 31 December 2015.

After the Disposal, the Group will concentrate on the sources of income from the remaining businesses, and intends to apply the proceeds from the Disposal as its general working capital. Moreover, the Group will endeavor to explore other diversified businesses to enhance its profitability.

## **COMPLETION OF ISSUE OF NEW SHARES TO CHINA GREEN (HOLDINGS) LIMITED (“CHINA GREEN”) (FORMERLY KNOWN AS CHINA CULIANGWANG BEVERAGES HOLDINGS LIMITED)**

On 11 February 2015, the Company completed a subscription agreement with China Green (Stock Code: 904), pursuant to which the China Green had subscribed for 83,000,000 shares allotted and issued by the Company under a specific mandate at an subscription price of HK\$0.175 per share. The net proceeds raised amounted to approximately HK\$14,000,000.

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

## **COMPLETION OF PLACING NEW SHARES**

On 9 December 2015, the Company completed the placing of an aggregate of 328,760,000 placing shares, representing approximately 16.67% of the issued share capital of the Company as at the date immediately after completion of the placing, to not less than six places at the placing price of HK\$0.10 per placing share. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, each of the places and their respective ultimate beneficial owner(s) is an independent third party; and none of the places has become a substantial shareholder of the Company upon completion of the placing. The net proceeds from the placing of shares are approximately HK\$31,500,000, of which approximately HK\$15,000,000 will be used as general working capital for the Group, and the balance will be used to develop the money lending business of the Group.

## **CHANGE OF COMPANY NAME**

During the year, the name of the Company in English was changed from “Oriental Unicorn Agricultural Group Limited” to “China Demeter Investments Limited” and the second name of the Company in Chinese 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 short name of the shares traded on the Stock Exchange was changed from “ORI UNICORN” to “CH DEMETER INV” in English and from “東麟農業” to “中國神農投資” in Chinese, both with effective from 13 July 2015. The stock code of the Company on the Stock Exchange will remain unchanged as “8120”. In addition, the website of the Company was changed from [www.irasia.com/listco/hk/orientalunicorn/index.htm](http://www.irasia.com/listco/hk/orientalunicorn/index.htm) to [www.chinademeter.com](http://www.chinademeter.com) to reflect the Change of Company Name.

It is considered that the Change of Company Name can better reflect and highlight the Company’s move to extend its business focus from feedstock products and the animal husbandry business to other investment areas. The new company name will provide the Company a better identification and offer the Company a more distinctive corporate image.

## **PROSPECTS**

Looking ahead, the Group will focus on expanding the securities investment and trading and related business as well as the food and beverage business acquired during the year. The Group also remains optimistic about the food and beverage market, and will operate the food and beverage business with a flexible and prudent approach. The Group expects that the investment made by the joint venture company formed during the year will match the Group's current strategy for investing in the catering industry, and will also enable the Group to step up its investment in the catering operations in the Southeast Asia region. The Group will aim to expand the scope of each business, seize the opportunities for bringing a new impetus for its revenue growth, and continue to contribute fabulous benefits to the Group by formulating business strategies accordingly in line with market trends.

The Group will continue to expand and consolidate its strength by virtue of its own advantages, and to look for business and investment opportunities with a view to enhancing its potential growth and generating higher returns for its shareholders. Moreover, the Group will review the markets for its respective businesses with a forward-looking perspective, commit more resources to the businesses with sustainability potential, and timely formulate development strategies for disposing of the businesses with losses and market uncertainties. The Board believes that the Group's solid foundation and rich experience of the professional management team will be able to boost performance and further enhance its market position for generating more fruitful returns for shareholders.

## **MATERIAL ACQUISITION AND DISPOSAL**

In April 2015, Supreme Falcon International Limited ("Supreme Falcon"), an indirect wholly-owned subsidiary of the Company, entered into (1) an assignment instrument with Origin Fortune Investments Limited ("OF") and a company ("General Partner") incorporated under the laws of Cayman Islands with limited liability and responsible for the overall management and control of Cassia Investments Limited Partnership I ("Fund"), a closed-ended fund established as an exempted limited partnership under the laws of Cayman Islands and registered as an exempted limited partnership in accordance with the Exempted Limited Partnership Law of the Cayman Islands, in relation to the assignment to Supreme Falcon of OF's entire interest in the Fund (representing 12.38% of the limited partners' total commitments in the Fund) at the consideration of US\$1,906,311; and (2) an assignment instrument with Hunting Treasure Limited ("OT") and the General Partner in relation to the assignment to Supreme Falcon of OT's entire interest in the Fund (representing 12.38% of the limited partners' total commitments in the Fund) at the consideration of US\$1,906,311. The Group acquired the interest in the Fund for investment purpose, taken into account that the Fund has invested in projects in relation to the agriculture and food products sectors, which are in line with the Company's principal business. The completion of the acquisitions took place concurrent with the signing of each of the assignment instruments, immediately after which the Group became the owner of 24.76% of the limited partners' total commitments in the Fund.

In July 2015, the Company and Mr. He Huanguang (“Mr. He”), who was a director of EPRO has entered into a sale and purchase agreement, pursuant to which Mr. He has conditionally agreed to purchase, and the Company has conditionally agreed to dispose the entire issued share capital of its indirect wholly owned subsidiary, Sky Red International Limited with its subsidiaries for the consideration of HK\$2,000,000 to be satisfied in cash.

In September 2015, the Rosy Path International Limited (“Rosy Path”), an indirect wholly-owned subsidiary of the Company, entered into the S&P Agreement, with pursuant to which the Rosy Path has conditionally agreed to sell, and the FTEL has conditionally agreed to purchase the Sale Shares, representing 55% equity interest in Zhao Hui Holdings Limited, at a consideration of AU\$3,227,400 (equivalent to approximately HK\$18,073,000).

In October 2015, the Group has entered into a joint venture arrangement with certain independent third parties to engage in or invest in the business of operating restaurants, cafes and take-away outlets and food and drinking catering in the Southeast Asia region through BLVD Cayman Limited (“JV Company”), a company incorporated in the Cayman Islands with liability. The Group owned 50% of the JV Company and has committed to invest HK\$15,000,000 to the joint venture arrangement.

Saved as disclosed above, the Company does not have any significant acquisition and disposal during the year ended 31 December 2015.

## **FINANCIAL RESOURCES AND LIQUIDITY**

As at 31 December 2015, the Group had cash and bank balances of approximately HK\$69,562,000 (2014: HK\$119,860,000) and net current assets of approximately HK\$277,406,000 (2014: HK\$259,478,000). Current ratio (defined as total current assets divided by total current liabilities) was 27.31 times (2014: 5.83 times).

The Group did not have any bank borrowings as at 31 December 2015. As at 31 December 2014, the Group had bank borrowing of approximately HK\$5,905,000 which was denominated in Australian dollars. The bank borrowings bore interest at prevailing market rates and repayable in accordance with the relevant loan agreements.

We fund our operations principally from cash generated from our operations, other debt instruments and equity financing from investors. Our cash requirements relate primarily to production and operating activities, business and asset acquisitions, repayment of liabilities as they become due, capital expenditures and any unexpected cash requirements. During the year, our EBITDA amounted to HK\$17,467,000.

The Group’s gearing ratio, which is calculated on the basis of the Group’s total liabilities to the total assets, as at 31 December 2015 was 3% (2014: 14%).

## **FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE**

For the year ended 31 December 2015, most of the Group's business transactions, assets and liabilities were principally denominated in Renminbi ("RMB"), Hong Kong dollars ("HK\$"), Australian dollars ("AU\$"), United States dollars ("US\$") and HK\$ is the Group's presentation currency. The Group is exposed to potential foreign exchange risk as a result of fluctuation of RMB, AU\$ and US\$ against HK\$. The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure should the need arise.

When appropriate and at times of interest rate or exchange rate uncertainties or volatility, hedging instruments including swaps and forwards will be used by the Group in the management of exposure affecting interest rates and foreign exchange rate fluctuations.

## **HUMAN RESOURCES AND REMUNERATION POLICY**

As at 31 December 2015, the Group had approximately 43 employees excluding directors in Hong Kong and the People's Republic of China ("PRC") (2014: 113). The Group's remuneration policy is to provide competitive level of remuneration to employees and directors based on their performance, qualification, experience and the prevailing industry practice.

Apart from regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

We aim to provide employees with resources and an environment that encourages them to develop careers with us. We provide management personnel and employees with on-the-job education, training and other opportunities to improve their skills and knowledge.

Pursuant to the share option scheme adopted by the Company on 30 September 2013 (the "Share Option Scheme"), the Board may grant options to eligible persons, including employees and Directors, to subscribe for shares of the Company. During the year, the Company did not grant any share option.

## **CHARGES OF GROUP ASSETS**

As at 31 December 2015, no group assets have been charged to secure bank loan and other borrowing (2014: Bank loans of HK\$5,905,000 secured by the Group's property, plant and equipment with carrying amount of approximately HK\$35,848,000 and a guarantee provided by a non-controlling shareholder of a subsidiary and personal guarantee of directors of a subsidiary).

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

As at 31 December 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 <i>(Note 1)</i>	Approximate % of shareholding of the Company
Mr. Zhou Jing	Beneficial owner	13,000,000	0.66%
Mr. Lam Chun Kei	Beneficial owner	13,000,000	0.66%
Mr. Lee Kin Fai	Beneficial owner	1,300,000	0.07%
Ms. Cheng Lo Yee	Beneficial owner	1,300,000	0.07%
Mr. Lin Chuen Chow Andy	Beneficial owner	1,300,000	0.07%

#### Note:

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

## DIRECTORS' RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Save as disclosed under the section headed "Directors' and Chief Executives' Interests in Securities of the Company" above, at no time during the year 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 December 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:

<b>Name of Shareholder</b>	<b>Nature of Interest</b>	<b>Number of shares and underlying shares</b>	<b>Approximate percentage of interest</b>
China Green (Holding) Limited ("China Green") (formerly known as China Culiangwang Beverages Holdings Limited)	Beneficial owner	493,000,000 (L)	24.99%

*Note:*

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

Save as disclosed above, as at 31 December 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.



## **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 year ended 31 December 2015.

## **CORPORATE GOVERNANCE CODE**

During the year ended 31 December 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.

## **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.

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

During the year ended 31 December 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 year ended 31 December 2015.

## **AUDIT COMMITTEE**

The Audit Committee of the Company consists of three independent non-executive Directors, namely, Mr. Lee Kin Fai (chairman of the Committee), 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.

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

Hong Kong, 21 March 2016

*As at the date of this announcement, 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 announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://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](http://www.chinademeter.com).*