



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

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 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 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.

HIGHLIGHTS

- The Company reported profits attributable to owners of the Company of approximately HK\$7,944,000 for the six months ended 30 June 2016 (the “period”), as opposed to a profit attributable to owners of the Company of approximately HK\$58,577,000 in the same period last year.
- The revenue of the Group from continuing operations was approximately HK\$19,608,000 for the period, representing a decrease of approximately HK\$4,548,000 when compared to the same period of approximately HK\$24,156,000 last year.
- Gross profit from continuing operations for the period was approximately HK\$7,513,000, compared with gross profit of approximately HK\$9,535,000 in the same period last year.
- The board of Directors (the “Board”) does not recommend the payment of any interim dividend for the six months ended 30 June 2016.

INTERIM RESULTS (UNAUDITED)

The board of Directors of the Company presents the unaudited condensed consolidated results of China Demeter Investments Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 June 2016 together with the comparative figures for the corresponding period in 2015. The interim 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 and six months ended 30 June 2016

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Restated) (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Restated) (Unaudited)
Continuing operations					
Revenue	4	9,082	14,846	19,608	24,156
Cost of sales and services		(4,991)	(10,116)	(12,095)	(14,621)
Gross profit		4,091	4,730	7,513	9,535
Other income and other gains and losses	5	(367)	2	111	9
Selling and distribution costs		(42)	(46)	(81)	(82)
General and administrative expenses		(6,239)	(4,187)	(9,570)	(7,638)
Change in fair value of financial assets through profit or loss	6	11,834	44,391	15,747	56,318
Share of loss of a joint venture		(749)	–	(1,992)	–
Finance costs	7	(82)	(117)	(153)	(117)
Profit before tax		8,446	44,773	11,575	58,025
Income tax expense	8	(1,608)	(14)	(2,190)	(14)
Profit for the period from continuing operations	9	6,838	44,759	9,385	58,011
Discontinued operations	10				
Profit for the period from discontinued operations		–	2,333	–	3,347
Profit for the period		6,838	47,092	9,385	61,358
Other comprehensive (expenses) income for the period:					
Item that may be reclassified subsequently to profit or loss:					
– Exchange differences on translating foreign operations		(693)	(1,476)	(539)	(2,994)
– Share of other comprehensive income of a joint venture		689	–	689	–
– Change in fair value of available-for-sale investments		(220)	–	(531)	–
Other comprehensive expenses for the period		(224)	(1,476)	(381)	(2,994)
Total comprehensive income for the period		6,614	45,616	9,004	58,364

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

For the three months and six months ended 30 June 2016

		For the three months ended 30 June		For the six months ended 30 June	
		2016	2015	2016	2015
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Restated)		(Restated)
Profit for the period attributable to:					
– Owners of the Company		5,890	45,483	7,944	58,577
– Non-controlling interests		948	1,609	1,441	2,781
		<u>6,838</u>	<u>47,092</u>	<u>9,385</u>	<u>61,358</u>
Total comprehensive income					
for the period attributable to:					
– Owners of the Company		6,008	44,952	7,828	57,866
– Non-controlling interests		606	664	1,176	498
		<u>6,614</u>	<u>45,616</u>	<u>9,004</u>	<u>58,364</u>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings per share	11	HK Cents	HK Cents	HK Cents	HK Cents
			(Restated)		(Restated)
– for continuing and discontinued operations					
Basic		<u>1.03</u>	<u>12.40</u>	<u>1.57</u>	<u>16.16</u>
Diluted		<u>1.03</u>	<u>12.07</u>	<u>1.57</u>	<u>15.95</u>
– for continuing operations					
Basic		<u>1.03</u>	<u>12.21</u>	<u>1.57</u>	<u>15.98</u>
Diluted		<u>1.03</u>	<u>11.88</u>	<u>1.57</u>	<u>15.78</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		30 June 2016 <i>HK\$'000</i> (Unaudited)	31 December 2015 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	13	8,085	8,637
Prepaid lease payments		938	968
Goodwill		373	373
Investment in a joint venture	14	12,749	14,052
Biological assets		523	523
Loans and interest receivables	15	11,465	11,587
Available-for-sale investments	16	47,044	38,503
		<u>81,177</u>	<u>74,643</u>
Current assets			
Biological assets		2,322	1,054
Inventories		5,772	1,287
Trade receivables	17	608	2,477
Loans and interest receivables	15	59,285	110,605
Deposits, prepayments and other receivables		9,213	12,538
Financial assets at fair value through profit or loss	18	186,383	90,428
Cash and bank balances		45,653	69,562
		<u>309,236</u>	<u>287,951</u>
Current liabilities			
Trade and other payables	19	7,143	9,732
Current tax liabilities		80	813
		<u>7,223</u>	<u>10,545</u>
Net current assets		<u>302,013</u>	<u>277,406</u>
Total assets less current liabilities		<u>383,190</u>	<u>352,049</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 30 June 2016

		30 June 2016 <i>HK\$'000</i> (Unaudited)	31 December 2015 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current liabilities			
Deferred tax liabilities		<u>2,602</u>	<u>403</u>
Net assets		<u>380,588</u>	<u>351,646</u>
Capital and reserves			
Share capital	20	5,918	19,727
Reserves		<u>363,902</u>	<u>322,327</u>
Equity attributable to owners of the Company		369,820	342,054
Non-controlling interests		<u>10,768</u>	<u>9,592</u>
Total equity		<u>380,588</u>	<u>351,646</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2016

	Attributable to owners of the Company											
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	PRC statutory reserve <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Available-for-sale investments valuation reserve <i>HK\$'000</i>	(Accumulated losses) Retained profits <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Attributable to non-controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 June 2015												
At 1 January 2015 (Audited)	15,609	42,900	348,685	61,545	873	4,672	2,934	(284)	(186,376)	290,558	54,540	345,098
Profit for the period	–	–	–	–	–	–	–	–	58,577	58,577	2,781	61,358
Other comprehensive expense for the period	–	–	–	–	–	–	(711)	–	–	(711)	(2,283)	(2,994)
Total comprehensive (expense) income for the period	–	–	–	–	–	–	(711)	–	58,577	57,866	498	58,364
Non-controlling interests arising on acquisition of a subsidiary (<i>note 24</i>)	–	–	–	–	–	–	–	–	–	–	(101)	(101)
Issue of subscription shares (<i>note 20(i)</i>)	830	13,695	–	–	–	–	–	–	–	14,525	–	14,525
At 30 June 2015 (Unaudited)	16,439	56,595	348,685	61,545	873	4,672	2,223	(284)	(127,799)	362,949	54,937	417,886
For the six months ended 30 June 2016												
At 1 January 2016 (Audited)	19,727	84,734	160,253	61,545	873	4,672	2,026	–	8,224	342,054	9,592	351,646
Profit for the period	–	–	–	–	–	–	–	–	7,944	7,944	1,441	9,385
Other comprehensive income (expense) for the period	–	–	–	–	–	–	415	(531)	–	(116)	(265)	(381)
Total comprehensive income (expense) for the period	–	–	–	–	–	–	415	(531)	7,944	7,828	1,176	9,004
Capital reorganisation (<i>note 20(iii)</i>)	(15,782)	–	15,782	–	–	–	–	–	–	–	–	–
Issue of shares pursuant to open offer (<i>note 20(iv)</i>)	1,973	17,754	–	–	–	–	–	–	–	19,727	–	19,727
Transaction costs related to issuer of shares	–	(1,925)	–	–	–	–	–	–	–	(1,925)	–	(1,925)
Recognition of equity settled share based payment (<i>note(i)</i>)	–	–	–	–	–	2,136	–	–	–	2,136	–	2,136
Lapse of share options	–	–	–	–	–	(58)	–	–	58	–	–	–
At 30 June 2016 (Unaudited)	5,918	100,563	176,035	61,545	873	6,750	2,441	(531)	16,226	369,820	10,768	380,588

Notes:

- (i) During the period ended 30 June 2016, 59,000,000 share options were granted on 10 June 2016. The fair values of the share options granted on that date is HK\$2,136,000 and was expensed immediately to profit or loss for the period ended 30 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash (used in) generated from operating activities	(31,787)	13,248
Net cash used in investing activities	(9,748)	(107,045)
Net cash generated from financing activities	17,802	25,525
Net decrease in cash and cash equivalents	(23,733)	(68,272)
Effect of foreign exchange rate changes, net	(176)	(4,042)
Cash and cash equivalents at the beginning of the period	69,562	119,860
Cash and cash equivalents at the end of the period	45,653	47,546

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

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 (vi) food and beverage business.

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

The principal place of business is located at 3/F., Central 88, 88-98 Des Voeux Road Central, Central, Hong Kong.

The Company's shares are listed on the GEM of the Stock Exchange.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Chapter 18 to the GEM Listing Rules and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These unaudited condensed consolidated interim 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.

3. SEGMENT INFORMATION

Application of HKFRS 8 Operating Segments

Information reported to the Board, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focus on type of goods or services delivered or provided.

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 People's Republic of China (the "PRC");
- Money lending segment comprises provision of loan financing in Hong Kong;
- Securities investment segment comprises investment in listed securities;
- Food and beverage business in Hong Kong.

Two operations (Information Technology ("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 2015. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 10. Certain comparative figures have been reclassified to conform with current period presentation.

Segment revenue and results

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

Continuing operations	Agricultural For the six months ended 30 June		Money lending For the six months ended 30 June		Securities investment For the six months ended 30 June		Food and beverage business For the six months ended 30 June		Total For the six months ended 30 June	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	13,535	14,727	3,046	8,142	–	–	3,027	1,287	19,608	24,156
Segment profit (loss)	<u>3,633</u>	<u>457</u>	<u>2,495</u>	<u>7,385</u>	<u>15,015</u>	<u>55,805</u>	<u>(683)</u>	<u>(300)</u>	<u>20,460</u>	<u>63,347</u>
Other income and other gains and losses									111	9
Central administration costs									(6,851)	(5,214)
Share of loss of a joint venture									(1,992)	–
Finance costs									(153)	(117)
Profit before tax									11,575	58,025
Income tax expense									<u>(2,190)</u>	<u>(14)</u>
Profit for the period from continuing operations									<u>9,385</u>	<u>58,011</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (30 June 2015: 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 and other gains and losses, share of loss of a joint venture, 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.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Agricultural		Money lending		Securities investment		Food and beverage business		Total	
	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at
	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015	30.6.2016	31.12.2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS										
Segment assets	27,618	25,586	77,878	126,705	215,525	107,632	1,337	1,115	322,358	261,038
Investment in a joint venture									12,749	14,052
Available-for-sale investments									47,044	38,503
Corporate and unallocated assets									8,262	49,001
Consolidated assets									<u>390,413</u>	<u>362,594</u>
LIABILITIES										
Segment liabilities	6,040	7,140	80	80	2,602	1,137	759	355	9,481	8,712
Corporate and unallocated liabilities									344	2,236
Consolidated liabilities									<u>9,825</u>	<u>10,948</u>

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 and corporate and unallocated assets. Goodwill is allocated to operating segments; and
- all liabilities are allocated to operating segments other than corporate and unallocated liabilities.

Geographical information

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	
	For the six months ended 30 June		30 June	31 December
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
PRC	13,535	14,727	7,753	9,309
Hong Kong	6,073	9,429	2,166	1,192
Singapore	—	—	12,749	14,052
	<u>19,608</u>	<u>24,156</u>	<u>22,668</u>	<u>24,553</u>

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

4. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of feedstock products and animal husbandry products	6,188	9,645	13,535	14,727
Loan interest income	1,301	3,914	3,046	8,142
Provision of food and beverage services	1,593	1,287	3,027	1,287
	9,082	14,846	19,608	24,156

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	4	2	8	9
Dividend income from financial assets				
at fair value through profit or loss	103	–	103	–
Net foreign exchange loss	(474)	–	–	–
	(367)	2	111	9

6. CHANGE IN FAIR VALUE OF FINANCIAL ASSETS THROUGH PROFIT AND 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.

7. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interests on other borrowings wholly repayable				
– within five years	82	–	153	–
– over five years	–	117	–	117
	<u>82</u>	<u>117</u>	<u>153</u>	<u>117</u>

8. INCOME TAX EXPENSE

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax:				
PRC	6	14	12	14
Over provision in prior periods:				
Hong Kong	(20)	–	(20)	–
	<u>(14)</u>	<u>14</u>	<u>(8)</u>	<u>14</u>
Deferred tax	<u>1,622</u>	<u>–</u>	<u>2,198</u>	<u>–</u>
Total income tax expenses recognised in profit or loss	<u>1,608</u>	<u>14</u>	<u>2,190</u>	<u>14</u>

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.

9. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

Profit for the period from continuing operations has been arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amortisation of prepaid lease payments	6	6	12	12
Depreciation of property, plant and equipment	484	487	968	955
Cost of inventories and services recognised as an expense (included in cost of sales and services)	4,991	10,116	12,095	14,621
Minimum lease payment paid under operating leases in respect of land and buildings	92	98	183	185

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

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 30 June					
	2016			2015		
	Processing and sales of food products			Processing and sales of food products		
	IT business	business	Total	IT business	business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	–	–	–	5,511	30,660	36,171
Cost of sales	–	–	–	(1,802)	(21,840)	(23,642)
Other income and other gains	–	–	–	2	452	454
Selling and distribution costs	–	–	–	(756)	(1,262)	(2,018)
General and administrative expenses	–	–	–	(2,237)	(6,327)	(8,564)
Finance costs	–	–	–	–	(68)	(68)
Profit for the period from discontinued operations	<u>–</u>	<u>–</u>	<u>–</u>	<u>718</u>	<u>1,615</u>	<u>2,333</u>
Attributable to:						
Owners of the Company	–	–	–	718	(6)	712
Non-controlling interests	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,621</u>	<u>1,621</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>718</u>	<u>1,615</u>	<u>2,333</u>

For the six months ended 30 June

	2016			2015		
	IT business	Processing and sales of food products business	Total	IT business	Processing and sales of food products business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	-	-	-	9,638	52,095	61,733
Cost of sales	-	-	-	(3,694)	(35,907)	(39,601)
Other income and other gains	-	-	-	4	530	534
Selling and distribution costs	-	-	-	(1,255)	(2,468)	(3,723)
General and administrative expenses	-	-	-	(4,302)	(11,126)	(15,428)
Finance costs	-	-	-	-	(168)	(168)
Profit for the period from discontinued operations	-	-	-	391	2,956	3,347
Attributable to:						
Owners of the Company	-	-	-	391	256	647
Non-controlling interests	-	-	-	-	2,700	2,700
	-	-	-	391	2,956	3,347

11. 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 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	5,890	45,483	7,944	58,577

Number of shares

	For the three months ended 30 June			For the six months ended 30 June		
	2016 '000	2015 '000	2015 '000 (Previously stated)	2016 '000	2015 '000 (Restated)	2015 '000 (Previously stated)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	570,119	366,715	1,643,894	505,086	362,521	1,625,093
Effect of dilutive potential ordinary shares – Share options	–	10,053	74,125	–	4,638	99,209
Weighted average number of ordinary share for the purpose of calculating diluted earning per share	<u>570,119</u>	<u>376,768</u>	<u>1,718,019</u>	<u>505,086</u>	<u>367,159</u>	<u>1,724,302</u>

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the period ended 30 June 2015 has been adjusted to reflect the effect of consolidation of shares and issue of shares pursuant to open offer as detailed in note 20.

For continuing operations

	For the three months ended 30 June		For the six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Restated) (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Restated) (Unaudited)
Earnings for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	5,890	45,483	7,944	58,577
Adjustment for: Profit for the period attributable to owners of the Company from discontinued operations	–	(712)	–	(647)
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>5,890</u>	<u>44,771</u>	<u>7,944</u>	<u>57,930</u>

For discontinued operations

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings per share:				
– Basic (<i>HK cents</i>)	–	0.19	–	0.18
– Diluted (<i>HK cents</i>)	–	0.19	–	0.17
Earnings:	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profits for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share from discontinued operations	–	712	–	647

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

The computation of diluted earnings per share for the period ended 30 June 2016 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.

12. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2016 (30 June 2015: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired certain property, plant and equipment amounting to approximately HK\$777,000 (31 December 2015: approximately HK\$20,853,000).

14. INVESTMENT IN A JOINT VENTURE

Details of the Group's investments in a joint venture are as follows:

	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Cost of investment in a joint venture	15,000	15,000
Share of post-acquisition loss	(2,710)	(718)
Share of other comprehensive income (expense) of a joint venture	459	(230)
	12,749	14,052

Details of the Group's joint venture at the end of the reporting period are as follow:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportions of ownership interest held by the Group		Principal activities
			As at	As at	
			30 June 2016	31 December 2015	
BLVD Cayman Limited	Cayman Islands	Hong Kong and Singapore	50%	50%	Operating restaurants, cafes, and take-away outlets, food and drinking catering

15. LOANS AND INTEREST RECEIVABLES

	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Loans and interest receivables	70,750	122,192
Analysed as:		
Current	59,285	110,605
Non-current	11,465	11,587
	70,750	122,192

The Group seeks to maintain strict control over its outstanding loans and interest receivables so as to minimise credit risk. The granting of loans is subject to approval by the management, whilst overdue balances are reviewed regularly for recoverability. At 30 June 2016, loans and interest receivables are charging on effective interest rate mutually agreed with the contracting parties, ranging from 5% to 10% (31 December 2015: 5% to 12%) per annum.

At 30 June 2016, loans and interest receivables of approximately HK\$8,767,000 (31 December 2015: approximately HK\$8,862,000) were secured by a property in Hong Kong.

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:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
0-90 days	353	59,127
91-180 days	35,060	10,058
Over 180 days	35,337	53,007
	70,750	122,192

16. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Unlisted investments:		
Equity securities at fair value	1,073	1,073
Fund investment at fair value	6,769	7,300
Fund investments at cost	39,202	30,130
	47,044	38,503

Available-for-sale investments represented the Group's investments in unlisted funds and equity investments. The above unlisted equity securities and unlisted fund investment with carrying amounts of HK\$1,073,000 and HK\$6,769,000 (31 December 2015: HK\$1,073,000 and HK\$7,300,000) respectively represent equity securities issued by a private entity and investment in a private equity fund which incorporated in the Cayman Islands, and are measured at fair value.

The unlisted fund investments at cost are held for an identified long term strategic purpose so the Group does not intend to dispose them in the foreseeable future. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that fair values cannot be measured reliably.

17. TRADE RECEIVABLES

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Trade receivables	608	2,477
Less: allowance for doubtful debts	<u>—</u>	<u>—</u>
	<u>608</u>	<u>2,477</u>

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

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
0-90 days	<u>608</u>	<u>2,477</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.

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016 <i>HK\$'000</i> (Unaudited)	31 December 2015 <i>HK\$'000</i> (Audited)
Held-for-trading investments		
Equity securities listed in Hong Kong	<u>186,383</u>	<u>90,428</u>

The fair value of the equity securities listed in Hong Kong is based on closing price in an active market.

19. TRADE AND OTHER PAYABLES

	30 June 2016 <i>HK\$'000</i> (Unaudited)	31 December 2015 <i>HK\$'000</i> (Audited)
Trade payables	527	1,682
Other payables and accruals	<u>6,616</u>	<u>8,050</u>
	<u>7,143</u>	<u>9,732</u>

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

	30 June 2016 <i>HK\$'000</i> (Unaudited)	31 December 2015 <i>HK\$'000</i> (Audited)
0-90 days	<u>527</u>	<u>1,682</u>
	<u>527</u>	<u>1,682</u>

Included in the balance of other payables and accruals of the Group at 30 June 2016 and 31 December 2015 of approximately HK\$5,490,000 represents an amount due to a former director of the Company who resigned on 5 February 2014. The amount due to a former director of the Company is unsecured, interest-free and repayable on demand.

20. 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 (<i>Note (iii)</i>)	(80,000,000)	–
Share sub-division (<i>Note (iii)</i>)	80,000,000	–
At 30 June 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 (<i>Note (i)</i>)	83,000	830
Issue of placing shares (<i>Note (ii)</i>)	328,760	3,288
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
Capital reorganisation (<i>Note (iii)</i>)	(1,578,123)	(15,782)
Issue of share pursuant to open offer (<i>Note (iv)</i>)	197,265	1,973
At 30 June 2016, ordinary shares of HK\$0.01 each	<u>591,796</u>	<u>5,918</u>

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 net proceed from the subscription amounted to approximately HK\$14,000,000.

(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 placees 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.

The capital reorganisation involved,

(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.

(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 subdivided into 5 new shares of par value of HK\$0.01 each.

(iv) Issue of shares pursuant to open offer

On 14 April 2016, a total of 197,265,375 ordinary shares of HK\$0.01 each were issued by way of an open offer at the subscription price of HK\$0.10 per offer share on the basis of one offer shares for every two shares held on the record date, 17 March 2016. The net proceeds from the open offer, after deducting relevant costs and expenses, were approximately HK\$17,500,000. The excess of the subscription price over the par value of the shares issued was credited to the share premium account.

21. FINANCIAL INSTRUMENTS

Fair value measurements

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Financial assets measured at fair value

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
<i>Financial assets included in Level 1</i>		
Financial assets at fair value through profit or loss (<i>Note 18</i>)	186,383	90,428
<i>Financial assets included in level 2</i>		
Available-for-sale investment (<i>Note 16</i>)	6,769	7,300
<i>Financial assets included in level 3</i>		
Available-for-sale investment (<i>Note 16</i>)	1,073	1,073

During the period ended 30 June 2016, there were no transfers between Level 1, 2 and 3.

Fair value of financial assets carried at other than fair value

The directors consider that the carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 30 June 2016 and 31 December 2015.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the quoted market bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

During the reporting period, there was no change in the valuation techniques and there was no movement in the change of the Level 3 fair value. The assumptions of the unobservable inputs used in Level 3 fair value measurements at the end of the reporting period were not significantly different from those used in the 2015 consolidated financial statements. The Directors consider that the impact of changes in key unobservable inputs in Level 3 fair value measurements in the current period will have no significant difference as compared to those in the 2015 consolidated annual financial statements.

22. COMMITMENTS

The Group had the following significant commitments which were not provided for in the condensed consolidated financial statements:

	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Authorised and contracted for:		
Acquisition of available-for-sale investments	7,863	11,265

23. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the period:

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Transactions with a close member of directors;				
– consultancy fee paid	<u>100</u>	<u>600</u>	<u>400</u>	<u>1,200</u>

Note: The consultancy fee paid were based on the terms mutually agreed between parties involved.

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the reporting period were as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Fees, salaries and other benefits	416	552	830	1,104
Equity settled share-based payments	<u>531</u>	<u>–</u>	<u>531</u>	<u>–</u>
	<u>947</u>	<u>552</u>	<u>1,361</u>	<u>1,104</u>

24. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION

Acquisition of Treasure Easy Limited

In April 2015, the Group entered into an acquisition agreement for the acquisition of 51% of the issued shares of Treasure Easy Limited, a limited liability company incorporated in Hong Kong, and the shareholder's loan at a consideration of HK\$1,275,000. Treasure Easy Limited is principally engaged in the provision of the food and beverage service in Hong Kong. The acquisition was completed on 8 April 2015.

The fair value of identifiable assets and liabilities as at the date of acquisition is as follows:

HK\$'000
(Unaudited)

Property, plant and equipment	250
Deposits, prepayments and other receivables	1,597
Other payables and accruals	<u>(2,053)</u>
Total net liabilities	<u>(206)</u>
Consideration satisfied by:	
Cash paid	1,275
Less assignment of shareholder loan	<u>(1,007)</u>
	268
Less: Non-controlling interests	(101)
Add: Net liabilities acquired	<u>206</u>
Goodwill arising on acquisition	<u><u>373</u></u>

25. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement dated 27 April 2016 and circular dated 11 July 2016 of the Company in relation to the acquisition of 44% of the issued shares of Profit Network Asia Inc., (“Profit Network”) a company incorporated in the British Virgin Islands with limited liability. On 27 April 2016, the Company and Trinity Worldwide Capital Holding Limited (“Vendor”), a company incorporated in the British Virgin Islands with limited liability entered into a sales and purchase agreement, pursuant to which the Vendor conditionally agreed to sell, and the Company has conditionally agreed to acquire, the 44% equity interest in Profit Network, a company owned as to 93% by the Vendor and 7% by the Company as at 30 June 2016, at a total consideration of HK\$35,200,000 (the “Acquisition”). The consideration will be funded by the internal resources of the Group. The Vendor is an investment holding company wholly owned by Mr. Ng Ting Kit, elder brother of Mr. Ng Ting Ho, an executive Director of the Company. Accordingly, the Vendor is an associate of Mr. Ng Ting Ho and is a connected person of the Company under the GEM Listing Rules and the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. The subsidiary of Profit Network incorporated in 2010, is a licensed corporation to carry out on businesses in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (“SFO”). Upon completion, Profit Network and its’ subsidiary will become a non-wholly owned subsidiaries of the Company.

Pursuant to a special general meeting on 27 July 2016, the ordinary resolution in relation to the acquisition of 44% of the issued shares of Profit Network was duly passed by way of poll.

The acquisition was subject to certain conditions precedent and not completed as at the date of approval of this interim results. For details, please refer to the announcements dated on 27 April 2016, 27 July 2016 and circular dated 11 July 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS REVIEW

China Demeter Investments Limited (the “Company”, together with its subsidiaries, the “Group”) recorded a net profit attributable to owners of the Company of approximately HK\$7,944,000 (30 June 2015: approximately HK\$58,577,000) for the six months ended 30 June 2016 (the “Period”), which was mainly attributable to the decrease in fair value gain from financial assets at fair value through profit or loss by approximately HK\$40,571,000 to approximately HK\$15,747,000 during the Period (30 June 2015: approximately HK\$56,318,000), and the decrease in loan interest income by approximately HK\$5,096,000 to approximately HK\$3,046,000 during the Period (30 June 2015: approximately HK\$8,142,000).

The revenue of the Group from the continuing operations for the Period decreased by 18.8% to approximately HK\$19,608,000 (30 June 2015: approximately HK\$24,156,000), while gross profit for the Period was approximately HK\$7,513,000 (30 June 2015: approximately HK\$9,535,000). As the income sources of the Group became more diversified, the revenue from the continuing operations for the Period comprised the sales of feedstock products and animal husbandry products amounting to approximately HK\$13,535,000 (30 June 2015: approximately HK\$14,727,000), loan interest income amounting to approximately HK\$3,046,000 (30 June 2015: approximately HK\$8,142,000) and provision of food and beverage services amounting to approximately HK\$3,027,000 (30 June 2015: approximately HK\$1,287,000). General and administrative expenses from the continuing operations for the Period increased to approximately HK\$9,570,000 (30 June 2015: approximately HK\$7,638,000), mainly due to the recognition of the equity-settled share-based payment expense of approximately HK\$2,136,000 during the Period.

Following the completion of disposal of Sky Red Group and Zhao Hui Group in 2015, the Group did not record revenue from the discontinued operations during the Period (30 June 2015: approximately HK\$61,733,000). For the period ended 30 June 2015, revenue of the Group from the discontinued operations comprised provision of professional IT contracts and maintenance services amounting to approximately HK\$9,638,000 and processing and sales of food products amounting to approximately HK\$52,095,000.

For the period ended 30 June 2015, general and administrative expenses from the discontinued operations amounted to approximately HK\$15,428,000. For the period ended 30 June 2016, the Group did not record general and administrative expenses from the discontinued operations.

Agriculture

Revenue of the feedstock product and animal husbandry business for the Period decreased by 8.1% as compared to the corresponding period last year to approximately HK\$13,535,000 (30 June 2015: approximately HK\$14,727,000), mainly attributable to the depreciation of Renminbi and slight decline in sales volume. Benefiting from the stabilization and pickup in the price of pigs in 2016, segment profit increased by 695.0% as compared to the corresponding period last year to approximately HK\$3,633,000 (30 June 2015: HK\$457,000).

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\$3,046,000 during the Period (30 June 2015: approximately HK\$8,142,000). Interests of the loan receivables were charged at rates ranging from 5% to 12% per annum for the Period (30 June 2015: 7% to 12%).

Securities Investment, Trading and the Related Business

The Group's diversified securities investment portfolios cover both listed and non-listed companies, in order to increase returns to shareholders.

During the Period, the Group recorded gain from financial assets at fair value through profit or loss of approximately HK\$15,747,000 (30 June 2015: approximately HK\$56,318,000). The decrease was mainly due to the recent fluctuation in Hong Kong securities market.

The financial assets at fair value through profit or loss held by the Group 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 30 June 2016 accounted for approximately 90.4% of the total market value of all the financial assets at fair value through profit or loss held by the Group as at 30 June 2016. These investments included (i) 244,960,000 shares of Convoy Financial Holdings Limited ("Convoy Financial") (representing approximately 1.64% of the issued share capital of Convoy Financial); (ii) 62,200,000 shares of RCG Holdings Limited ("RCG") (representing approximately 4.08% of the issued share capital of RCG); (iii) 110,080,000 shares of First Credit Finance Group Limited ("First Credit Finance Group") (representing approximately 3.03% of the issued share capital of First Credit Finance Group); and (iv) 35,860,000 shares of AMCO United Holding Limited ("AMCO United Holding") (representing approximately 1.93% of the issued share capital of AMCO United Holding). The respective shares of Convoy Financial, RCG and AMCO United Holding are listed on the main board of the Stock Exchange, while the shares of First Credit Finance Group are listed on the GEM of the Stock Exchange. The Group's investments in Convoy Financial, RCG, First Credit Finance Group and AMCO United Holding were collectively known as "Significant Investment".

Details on Significant Investment are as follows:

	For the six months ended 30 June 2016		As at 30 June 2016		As at 31 December 2015	
Investees	Fair value gains (losses) <i>HK\$'000</i>	Approximate percentage of fair value gains (losses) of the investments account for the change in fair value of financial assets through profit or loss <i>(Note 1)</i>	Market value <i>HK\$'000</i>	Approximate percentage of financial assets at fair value through profit or loss <i>(Note 2)</i>	Approximate percentage to the net assets <i>(Note 3)</i>	Market value
Convoy Financial	(2,818)	(17.9%)	86,961	46.7%	22.8%	28,710
RCG	17,416	110.6%	34,210	18.4%	9.0%	16,794
First Credit Finance Group	15,358	97.5%	26,639	14.3%	7.0%	<i>(Note 4)</i>
AMCO United Holding	2,510	15.9%	20,440	11.0%	5.4%	17,930
Town Health International Medical Group Limited ("Town Health International")	(6,334)	(40.2%)	<i>(Note 5)</i>	<i>(Note 5)</i>	<i>(Note 5)</i>	18,944

Note 1: Approximate percentage of fair value gains (losses) of the investments account for the change in fair value of financial assets through profit or loss is calculated by dividing fair value gains (losses) from investment by gains (losses) from financial assets at fair value through profit or loss.

Note 2: Approximate percentage of financial assets at fair value through profit or loss is calculated by dividing market value of investment by total carrying value of the financial assets at fair value through profit or loss held by the Group as at 30 June 2016.

Note 3: Approximate percentage to the net assets is calculated by dividing market value of investment by the net assets of the Group as at 30 June 2016.

Note 4: It is not applicable as the Group purchased such shares for the first time after 31 December 2015.

Note 5: It is not applicable as the Group sold all Town Health International shares during the period ended 30 June 2016 and no longer held any shares in Town Health International as at 30 June 2016.

Convoy Financial is principally engaged in the independent financial advisory business, money lending business, proprietary investment business, asset management business, corporate finance advisory services. RCG is principally engaged in the provision of biometric identification products, radio frequency identification products and solution services. First Credit Finance Group is principally engaged in money lending business. AMCO United Holding is principally engaged in the manufacture and sale of medical devices products, plastic moulding products, provision of public relations services and human resources management services.

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.

In order to further expand its securities investment, trading and the related business, the Group acquired 7% of the issued share capital of 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, among which, a subsidiary of Profit Network is a licensed corporation to carry out on businesses in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Future Ordinance (the “SFO”).

On 27 April 2016, the Group conditionally agreed to purchase 44% of the issued shares of Profit Network at a consideration of HK\$35,200,000. Upon the completion, the Group will own 51% equity interests in Profit Network, and Profit Network Group will become a non-wholly owned subsidiary of the Company and the financial results of Profit Network Group will be consolidated into the consolidated financial statements of the Company. The acquisition was duly approved by the shareholders at the special general meeting held on 27 July 2016. Subject to certain conditions precedent, the acquisition of 44% of the issued shares of Profit Network has not been completed as at the date on which the condensed consolidated financial statements were approved. Please refer to the Company’s announcements dated 27 April 2016 and 27 July 2016 and the Company’s circular dated 11 July 2016 for details.

The Company believes that through leveraging on its own resources and combining with the operational model and management experiences of the Profit Network Group in particular in advising on securities, it is expected that the acquisition will enlarge the customer base and broaden the income source of the Group.

Food and Beverage Business

In April 2015, the Group tapped into the food and beverage business by acquiring 51% of the issued shares of a company, which is principally engaged in provision of food and beverage services in Hong Kong. During the Period, the Group recorded segment loss of approximately HK\$683,000 (30 June 2015: approximately HK\$300,000). The loss was mainly due to the rising costs of the food and beverage business, including food cost and salary adjustments. The Group will continue to closely monitor the market trend and adjust its business strategy and control expenses accordingly, so as to bring higher returns for the shareholders.

Formation of a Joint Venture

In October 2015, the Group established a joint venture, which is held as to 50% by the Group. The joint venture is currently engaged in investment in the business of operating restaurants, cafes and takeaway outlets as well as providing food and beverage in Hong Kong and the Southeast Asia region. During the Period, the Group recorded share of loss of a joint venture of approximately HK\$1,992,000 (30 June 2015: nil). The loss was mainly attributable to a drop in consumption due to a downturn in the macro economy, leading to a decrease in the operating results of the food and beverage business. The Group will closely monitor the development of the joint venture and adjust its business strategy according to the market conditions to cater to market needs.

Information Technology Business

In September 2015, the Group completed the disposal of the entire issued share capital of Sky Red International Limited 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

The Group completed the disposal of the 55% equity interest held by it in Zhao Hui Holdings Limited in December 2015 (the “Disposal”).

The Group no longer held any equity interest in Zhao Hui Group and has discontinued the operation of the milk powder business.

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.

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 amounted 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 subdivided into 5 new shares of par value of HK\$0.01 each.

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 (“Open Offer”).

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\$2,000,000 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\$17,500,000.

The Company raised approximately HK\$19,700,000 before expenses from the Open Offer. The net proceeds from the Open Offer, after deducting relevant expenses, are approximately HK\$17,500,000. The Board intends to apply the net proceeds from the Open Offer as to approximately HK\$10,000,000 for investment of certain new business projects including food and beverage business and/or processing and sales of food products business and the remaining of approximately HK\$7,500,000 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, 9 March 2016 and 13 April 2016 and the Company's prospectus dated 18 March 2016. The Open Offer was completed on 14 April 2016. In the event of any change in use of such proceeds, the Company will make an announcement in accordance with the requirements of the GEM Listing Rules.

Prospect

Looking ahead, the Group is committed to expanding its business territory to further diversify the Group's business portfolio. In addition to its existing core businesses, the Group will leverage on Hong Kong's geographic advantage as a major international financial center to introduce financial services into our business line. Following the opening of Shanghai-Hong Kong Stock Connect, the launch of Shenzhen-Hong Kong Stock Connect also opens up a promising prospect for the investors, which will spur needs for financial services and create huge opportunities for the industry. The Group believes that such business will help to broaden our income sources. In addition, the Directors are optimistic about the growth potentials on the money lending market and the food and beverage market of Hong Kong, and will take measures accordingly to improve our overall operational efficiency and strengthen our revenue base.

The Board is always committed to seeking opportunities for new business and performance growth, with aim to expand the Company's scope of operation and investments whenever the right opportunities arise. To this end, the Group will seize all opportunities to introduce new growth drivers for revenue, formulate business strategies according to the market trends, and proactively explore new business opportunities for the Group's continual growth and profitability. The Group will also consolidate its own advantages and strengths to lay a more solid foundation for business development in future. Moreover, the Group will carefully review business changes in all segments, allocate its resources in a flexible manner to businesses with sustainable development potential. The Board believes that the Group's strategic investments and diversified businesses will help to boost performances and consolidate the Group's market position, generating more lucrative returns for the shareholders.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2016, the Group had cash and bank balances of approximately HK\$45,653,000 (31 December 2015: approximately HK\$69,562,000) and net current assets of approximately HK\$302,013,000 (31 December 2015: approximately HK\$277,406,000). Current ratio (defined as total current assets divided by total current liabilities) was 42.8 times (31 December 2015: 27.3 times).

The Group did not have any borrowings as at 30 June 2016 and 31 December 2015.

The Group's gearing ratio, which is calculated on the basis of the Group's total liabilities to the total assets, as at 30 June 2016 was 2.5% (31 December 2015: 3.0%).

MATERIAL ACQUISITION AND DISPOSAL

On 27 April 2016, the Company and Trinity Worldwide Capital Holding Limited (“Vendor”), a company incorporated in the British Virgin Islands with limited liability entered into a sales and purchase agreement, pursuant to which the Vendor conditionally agreed to sell, and the Company has conditionally agreed to acquire, the 44% equity interest in Profit Network, a company owned as to 93% by the Vendor and 7% by the Company as at 30 June 2016, at a total consideration of HK\$35,200,000. The consideration will be funded by the internal resources of the Group. The Vendor is an investment holding company wholly owned by Mr. Ng Ting Kit, elder brother of Mr. Ng Ting Ho, an executive Director of the Company. Accordingly, the Vendor is an associate of Mr. Ng Ting Ho and is a connected person of the Company under the GEM Listing Rules and the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. The subsidiary of Profit Network incorporated in 2010, is a licensed corporation to carry out on businesses in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (“SFO”). Upon completion, Profit Network and its’ subsidiary will become a non-wholly owned subsidiaries of the Company.

Pursuant to a special general meeting on 27 July 2016, the ordinary resolution in relation to the acquisition of 44% of the issued shares of Profit Network was duly passed by way of poll.

The acquisition was subject to certain conditions precedent and not completed as at the date of approval of this interim results. For details, please refer to the announcement dated 27 April 2016, 27 July 2016 and circular dated 11 July 2016.

Saved as disclosed above, the Company does not have any significant acquisition and disposal during the six months ended 30 June 2016.

CAPITAL STRUCTURE

As at 30 June 2016, the Group had equity attributable to owners of the Company of approximately HK\$369,820,000 (31 December 2015: approximately HK\$342,054,000).

Completion of Capital reorganisation

As disclosed in the circular of the Company dated 11 January 2016, the Company proposed, among other matters a reorganisation of the share capital of the Company, which involved (i) the consolidation of every 5 issued and unissued then shares of par value of HK\$0.01 each in the share capital of the Company into 1 consolidated share (“**Consolidated Share**”) of par value of HK\$0.05 each; (ii) the reduction of the par value of each of the then issued Consolidated Shares from HK\$0.05 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.04 on each of the then issued Consolidated Shares;

and (iii) the sub-division of each of the then authorised but unissued Consolidated Shares of par value of HK\$0.05 each into 5 new shares of par value of HK\$0.01 each. As disclosed in the announcement of the Company dated 3 February 2016, the Capital Reorganisation became effective on 4 February 2016.

Completion of Open Offer

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 one offer share for every two existing shares 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\$17,500,000 were raised.

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.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

For the period ended 30 June 2016, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currencies used by the Group's entities. 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.

CHARGES ON GROUP ASSETS

As at 30 June 2016 and 31 December 2015, no group assets have been charged to secure bank loan and other borrowing.

ADDITION OF PROPERTY, PLANT AND EQUIPMENT

During the period, there were additions of property, plant and equipment of approximately HK\$777,000. (31 December 2015: approximately HK\$20,853,000).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2016 (as at 31 December 2015: Nil).

CAPITAL COMMITMENT

The Group had capital commitment of acquisition of available-for-sale investments approximately HK\$7,863,000 as at 30 June 2016 (31 December 2015: approximately HK\$11,265,000).

EMPLOYEE INFORMATION

As at 30 June 2016, the Group had approximately 58 employees (including Directors) in Hong Kong and the PRC (30 June 2015: 129 employees (including Directors in Hong Kong, the PRC and Australia). Remuneration to employees and directors are based on performance, qualification, experience and the prevailing industry practice. The staff cost, including Directors' remuneration, amounted to approximately HK\$4,703,000 for the six months ended 30 June 2016 (30 June 2015: approximately HK\$11,932,000).

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (30 June 2015: Nil).

OTHER INFORMATION

SHARE OPTION SCHEMES

The Company's 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 on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a share.

The 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 options to subscribe for up to 122,200,000 and 59,000,000 shares were granted to directors, employees and other eligible persons on 12 August 2014 and 10 June 2016 respectively. 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 reorganisation and open offer. As at 30 June 2016, adjusted share options to subscribe for up to 85,680,000 remained outstanding.

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

Name of Grantee	Date of Grant	Exercisable Period	Subscription price per share	Outstanding as at 1 January 2016	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding as at 30 June 2016
<i><u>Directors:</u></i>								
Mr. Zhou Jing	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.4948 ⁽ⁱ⁾	2,900,000 ⁽ⁱ⁾	–	–	–	2,900,000
	10 June 2016	10 June 2016 to 9 June 2017	HK\$0.1100	–	5,900,000 ⁽ⁱⁱ⁾	–	–	5,900,000
Mr. Lam Chun Kei	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.4948 ⁽ⁱ⁾	2,900,000 ⁽ⁱ⁾	–	–	–	2,900,000
	10 June 2016	10 June 2016 to 9 June 2017	HK\$0.1100	–	5,900,000 ⁽ⁱⁱ⁾	–	–	5,900,000
Mr. Lin Chuen Chow Andy	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.4948 ⁽ⁱ⁾	290,000 ⁽ⁱ⁾	–	–	(290,000)	–
Mr. Lee Kin Fai	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.4948 ⁽ⁱ⁾	290,000 ⁽ⁱ⁾	–	–	–	290,000
Ms. Cheng Lo Yee	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.4948 ⁽ⁱ⁾	290,000 ⁽ⁱ⁾	–	–	–	290,000
Sub-total				6,670,000	11,800,000	–	(290,000)	18,180,000
Employees	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.4948 ⁽ⁱ⁾	5,800,000 ⁽ⁱ⁾	–	–	–	5,800,000
	10 June 2016	10 June 2016 to 9 June 2017	HK\$0.1100	–	11,800,000 ⁽ⁱⁱ⁾	–	–	11,800,000
Sub-total				5,800,000	11,800,000	–	–	17,600,000
<i><u>Other eligible persons:</u></i>								
Consultants	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.4948 ⁽ⁱ⁾	8,700,000 ⁽ⁱ⁾	–	–	–	8,700,000
	10 June 2016	10 June 2016 to 9 June 2017	HK\$0.1100	–	29,500,000 ⁽ⁱⁱ⁾	–	–	29,500,000
Directors of a subsidiary	12 August 2014	12 August 2014 to 11 August 2016	HK\$0.4948 ⁽ⁱ⁾	5,800,000 ⁽ⁱ⁾	–	–	–	5,800,000
	10 June 2016	10 June 2016 to 9 June 2017	HK\$0.1100	–	5,900,000 ⁽ⁱⁱ⁾	–	–	5,900,000
Sub-total				14,500,000	35,400,000	–	–	49,900,000
Grand Total				26,970,000	59,000,000	–	(290,000)	85,680,000

No share options had been exercised under the 2013 Share Option Scheme for the period ended 30 June 2016. After the period ended 30 June 2016, 59,000,000 share options have been exercised on 4 July 2016, the Company has received aggregate subscription money of approximately HK\$6,490,000 and issued 59,000,000 ordinary shares on 6 July 2016, pursuant to the exercise of the options by the grantees under the 2013 Share Option Scheme. The weighted average closing price of the Company's share immediately before the date on which the share options were exercised was HK\$0.1100.

Note:

- (i) 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 26,970,000 shares with exercise price of HK\$0.4948 after the Capital Reorganisation became effective on 4 February 2016 and completion of Open Offer on 14 April 2016.
- (ii) During the period ended 30 June 2016, 59,000,000 share options were granted on 10 June 2016 with exercise price of the share options at HK\$0.1100 per share. The closing price of the Company's shares immediately before 10 June 2016, the date of grant of the share options was HK\$0.1140.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's by 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 30 June 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 30 June 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.

As at 30 June 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 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 were as follows:

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

Long positions in underlying shares of the Company

Name of Directors	Nature of interest	Number of underlying ordinary shares of the Company held	Approximate percentage of interest (Note 1)
Mr. Zhou Jing	Beneficial owner	8,800,000 (Note 2)	1.49%
Mr. Lam Chun Kei	Beneficial owner	8,800,000 (Note 2)	1.49%
Mr. Lee Kin Fai	Beneficial owner	290,000 (Note 3)	0.05%
Ms. Cheng Lo Yee	Beneficial owner	290,000 (Note 3)	0.05%

Note:

1. The percentage of interest in the Company is calculated by reference to the number of Shares in issue as at 30 June 2016, that is, 591,796,125 Shares.
2. For each respective Director, these represent 2,900,000 and 5,900,000 underlying shares relating to the share options granted by the Company to each such Director on 12 August 2014 and 10 June 2016 respectively.
3. For each respective Director, these represent underlying shares relating to the share options granted by the Company to each such Director on 12 August 2014.

Save as disclosed above, as at the 30 June 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 30 June 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 Existing Shares	Approximate percentage of interest (Note 2)
China Green (Holdings) Limited (formerly known as China Culiangwang Beverages Holdings Limited)	Beneficial owner	147,900,000 (L)	24.99%

Note:

1. The letter (L) above denotes long position.
2. The percentage of interest in the Company is calculated by reference to the number of Shares in issue as at 30 June 2016, that is 591,796,125.

Save as disclosed above, as at 30 June 2016, so far as is known to the Directors, there was no other person who had an interest or short position in the shares or 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 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 30 June 2016.

CORPORATE GOVERNANCE CODE

During the period ended 30 June 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.

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 the 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 interim results for the six months ended 30 June 2016.

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

Hong Kong, 12 August 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 <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.