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國農金融投資有限公司
China Demeter Financial Investments Limited

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

(Stock Code: 8120)

2017 INTERIM RESULTS ANNOUNCEMENT

The board (“**Board**”) of directors (“**Directors**”) of China Demeter Financial Investments Limited (“**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited results of the Group for the six months ended 30 June 2017. This announcement, containing the full text of the 2017 interim report of the Company, complies with the relevant requirements of the Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

On behalf of the Board

China Demeter Financial Investments Limited

Zhou Jing

Chairman

Hong Kong, 11 August 2017

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhou Jing, Mr. Ng Man Chun Paul and Mr. Lam Chun Kei; one non-executive directors namely, 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, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of publication and on the Company’s website at www.chinademeter.com



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Interim Report 2017

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 report, for which the directors (the "**Directors**") of China Demeter Financial Investments Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange Hong Kong Limited (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company.*

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- The Company reported a loss attributable to owners of the Company of approximately HK\$30,951,000 for the six months ended 30 June 2017 (the “period”), as opposed to a profit attributable to owners of the Company of approximately HK\$7,944,000 in the same period last year.
- The revenue of the Group from continuing operations was approximately HK\$30,291,000 for the period, representing an increase of approximately HK\$17,096,000 when compared to the same period of approximately HK\$13,195,000 last year.
- Gross profit from continuing operations for the period was approximately HK\$13,244,000, compared with gross profit of approximately HK\$3,583,000 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 2017.

INTERIM RESULTS (UNAUDITED)

The board (the “Board”) of Directors (the “Directors”) of China Demeter Financial Investments Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016. 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 2017

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Restated) (Unaudited)
Continuing operations					
Revenue	4	14,940	4,403	30,291	13,195
Cost of sales and services		(8,779)	(2,910)	(17,047)	(9,612)
Gross profit		6,161	1,493	13,244	3,583
Other income, other gains and losses	5	26,617	(367)	27,530	111
Selling and distribution costs		(65)	(42)	(120)	(81)
General and administrative expenses		(12,314)	(6,222)	(19,873)	(9,539)
Change in fair value of financial assets through profit or loss	6	(48,076)	11,834	(52,288)	15,747
Share of profit (loss) of a joint venture		14	(749)	201	(1,992)
Finance costs	7	(582)	(82)	(1,102)	(153)
(Loss) profit before tax		(28,245)	5,865	(32,408)	7,676
Income tax expense	8	(40)	(1,608)	(281)	(2,190)
(Loss) profit for the period from continuing operations	9	(28,285)	4,257	(32,689)	5,486
Discontinued operation	10				
Profit for the period from discontinued operation		—	2,581	2,805	3,899
(Loss) profit for the period		(28,285)	6,838	(29,884)	9,385

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

For the three months and six months ended 30 June 2017

Notes	For the three months ended 30 June		For the six months ended 30 June	
	2017	2016	2017	2016
	HK\$'000 (Unaudited)	HK\$'000 (Restated) (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Restated) (Unaudited)
Other comprehensive income (expenses) for the period:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
– Exchange differences on translating foreign operations	578	(693)	844	(539)
– Share of other comprehensive income of a joint venture	137	689	137	689
– Reclassification adjustments relating to a foreign operation disposed during the period	–	–	(1,830)	–
– Change in fair value of available-for-sale investments	(532)	(220)	(532)	(531)
Other comprehensive income (expenses) for the period	183	(224)	(1,381)	(381)
Total comprehensive (expenses) income for the period	(28,102)	6,614	(31,265)	9,004
(Loss) profit for the period attributable to:				
– Owners of the Company	(27,702)	5,890	(30,951)	7,944
– Non-controlling interests	(583)	948	1,067	1,441
	(28,285)	6,838	(29,884)	9,385
Total comprehensive (expenses) income for the period attributable to:				
– Owners of the Company	(27,808)	6,008	(31,854)	7,828
– Non-controlling interests	(294)	606	589	1,176
	(28,102)	6,614	(31,265)	9,004

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

For the three months and six months ended 30 June 2017

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 HK Cents	2016 HK Cents (Restated)	2017 HK Cents	2016 HK Cents (Restated)
(Loss) earnings per share	11				
– for continuing and discontinued operations					
Basic		(3.12)	1.03	(3.73)	1.57
Diluted		(3.12)	1.03	(3.73)	1.57
– for continuing operations					
Basic		(3.12)	0.80	(3.90)	1.18
Diluted		(3.12)	0.80	(3.90)	1.18

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	13	8,307	6,956
Prepaid lease payments		904	887
Goodwill		13,844	13,844
Intangible asset		500	500
Investment in a joint venture	14	2,689	2,432
Loans and interest receivables	15	21,422	33,082
Available-for-sale investments	16	34,094	33,616
Other assets		230	230
Deferred tax assets		11	11
		82,001	91,558
Current assets			
Inventories		2,964	1,696
Trade receivables	17	97,659	94,151
Loans and interest receivables	15	46,171	52,646
Deposits, prepayments and other receivables		13,839	14,688
Financial assets at fair value through profit or loss	18	92,605	150,725
Trust bank accounts		36,633	26,998
Cash and cash equivalents		16,690	73,971
		306,561	414,875
Current liabilities			
Trade and other payables	19	42,850	51,827
Amount due to a non-controlling interest		–	29,400
Derivative financial instruments		10	6
Bank and other borrowings		–	25,470
Current tax liabilities		371	349
		43,231	107,052
Net current assets		263,300	307,823
Net assets		345,331	399,381

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 30 June 2017

		30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
	Notes		
Capital and reserves			
Share capital	20	9,229	7,691
Reserves		325,286	353,729
Equity attributable to owners of the Company		334,515	361,420
Non-controlling interests		10,816	37,961
Total equity		345,331	399,381

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2017

	Attributable to owners of the Company											Total
	Share capital	Share premium	Contributed surplus	Capital reserve	PRC statutory reserve	Share options reserve	Foreign currency translation reserve	Available-for-sale investments valuation reserve	Retained profits (Accumulated loss)	Sub-total	Attributable to non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
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 (expenses) for the period	-	-	-	-	-	-	415	(531)	-	(116)	(265)	(381)
Total comprehensive income (expenses) for the period	-	-	-	-	-	-	415	(531)	7,944	7,828	1,176	9,004
Capital reorganisation (note 20(ii))	(15,782)	-	15,782	-	-	-	-	-	-	-	-	-
Issue of shares pursuant to open offer (note 20(ii))	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 (note(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
For the six months ended 30 June 2017												
At 1 January 2017 (Audited)	7,691	118,769	153,551	61,545	873	-	1,406	(112)	17,697	361,420	37,961	399,381
(Loss) profit for the period	-	-	-	-	-	-	-	-	(30,951)	(30,951)	1,067	(29,884)
Other comprehensive expenses for the period	-	-	-	-	-	-	(370)	(532)	-	(902)	(479)	(1,381)
Total comprehensive income (expenses) for the period	-	-	-	-	-	-	(370)	(532)	(30,951)	(31,853)	588	(31,265)
Issue of placing shares (note 20(iii))	1,538	13,379	-	-	-	-	-	-	-	14,917	-	14,917
Transaction costs related to issuer of shares	-	(175)	-	-	-	-	-	-	-	(175)	-	(175)
Recognition of equity-settled share-based payment (note(ii))	-	-	-	-	-	1,673	-	-	-	1,673	-	1,673
Acquisition from a non-controlling interest	-	-	-	-	-	-	-	-	(11,467)	(11,467)	(27,733)	(39,200)
At 30 June 2017 (Unaudited)	9,229	131,973	153,551	61,545	873	1,673	1,036	(644)	(24,721)	334,515	10,816	345,331

Notes:

- 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.
- During the period ended 30 June 2017, 76,900,000 share options were granted on 7 April 2017. The fair values of the share options granted on that date is approximately HK\$1,673,000 and was expensed immediately to profit or loss for the period ended 30 June 2017.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Net cash used in operating activities	(3,951)	(31,787)
Net cash used in investing activities	(13,866)	(9,748)
Net cash (used in) generated from financing activities	(40,128)	17,802
Net decrease in cash and cash equivalents	(57,945)	(23,733)
Effect of foreign exchange rate changes, net	664	(176)
Cash and cash equivalents at the beginning of the period	73,971	69,562
Cash and cash equivalents at the end of the period	16,690	45,653

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

1. CORPORATE INFORMATION

During the period, the Group is principally engaged in (i) feedstock products business; (ii) money lending business; (iii) financial services business; (iv) securities investment business; and (v) 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 Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 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 2016. 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 2016. 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 2017, the adoption has no material effect on the reported results and the financial position of the Group for the current or prior accounting periods. For those which are not yet effective and have not been early adopted, the Group is in the process of assessing their impact on the Group's results and financial position. So far, the Group considers that the adoption of those HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

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

An animal husbandry business was discontinued in 2017. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in note 10. Certain comparative figures have been reclassified to conform with current period presentation.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

3. SEGMENT INFORMATION (CONT'D)

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		Financial services For the six months ended 30 June		Securities investment For the six months ended 30 June		Food and beverage For the six months ended 30 June		Total For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Restated) (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Restated) (Unaudited)
Segment revenue from external customers	14,464	7,122	3,326	3,046	10,388	-	-	-	2,113	3,027	30,291	13,195
Inter-segment revenue	-	-	-	-	78	-	-	-	-	-	78	-
Segment revenue	14,464	7,122	3,326	3,046	10,466	-	-	-	2,113	3,027	30,369	13,195
Elimination	-	-	-	-	-	-	-	-	-	-	(78)	-
Group revenue	(922)	(266)	2,463	2,495	1,671	-	(52,931)	15,015	(766)	(683)	30,291	13,195
Segment (loss) profit											(50,475)	16,561
Other income, other gains and losses											43	111
Dividend income from available-for-sale investment											27,487	-
Central administration costs											(8,562)	(6,851)
Share of profit (loss) of a joint venture											201	(1,992)
Finance costs											(1,102)	(153)
(Loss) profit before tax											(32,408)	7,676
Income tax expense											(281)	(2,190)
(Loss) profit for the period from continuing operations											(32,689)	5,486

Inter-segment pricing is based on similar terms to those available to other external parties for similar services. There were no inter-segment sales for period end 30 June 2016.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of bank interest income, dividend income from available-for-sale investment, net foreign exchange loss and sundry income as included in other income, other gains and losses, share of profit (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 performance assessment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

3. SEGMENT INFORMATION (CONT'D)

Segment assets and liabilities

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

	Agricultural		Money lending		Financial services		Securities investment		Food and beverage		Total	
	As at 30.6.2017 HK\$'000	As at 31.12.2016 HK\$'000 (Restated)	As at 30.6.2017 HK\$'000	As at 31.12.2016 HK\$'000	As at 30.6.2017 HK\$'000	As at 31.12.2016 HK\$'000	As at 30.6.2017 HK\$'000	As at 31.12.2016 HK\$'000	As at 30.6.2017 HK\$'000	As at 31.12.2016 HK\$'000	As at 30.6.2017 HK\$'000	As at 31.12.2016 HK\$'000 (Restated) (Unaudited)
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)
ASSETS												
Segment assets												
Investment in a joint venture	32,560	29,632	60,644	88,150	145,674	162,569	107,266	162,572	476	603	346,620	443,476
Available-for-sale investments											2,689	2,432
Corporate and unallocated assets											34,094	33,616
											5,159	26,646
Consolidated assets											388,562	506,170
LIABILITIES												
Segment liabilities												
Corporate and unallocated liabilities	9,276	7,503	9	86	31,909	96,591	-	-	1,136	862	42,330	105,042
											901	2,010
Consolidated liabilities											43,231	107,052

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

- all assets are allocated to operating segments other than discontinued operation, 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

3. SEGMENT INFORMATION (CONT'D)

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
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Restated) (Unaudited)	(Unaudited)	(Restated) (Unaudited)
PRC	14,464	7,122	5,793	6,095
Hong Kong	15,827	6,073	17,762	15,835
Singapore	–	–	2,689	2,432
	30,291	13,195	26,244	24,362

Note: Non-current assets excluded those relating to discontinued operation, financial instruments and deferred tax assets.

4. REVENUE

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

	For the three months ended 30 June		For the six months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Restated) (Unaudited)	(Unaudited)	(Restated) (Unaudited)
Sales of feedstock products	7,288	1,509	14,464	7,122
Loan interest income	1,688	1,301	3,326	3,046
Provision of financial services				
– Commission from securities dealings	2,293	–	4,345	–
– Placing and underwriting commission	901	–	2,572	–
– Interest income from securities clients	1,730	–	3,371	–
– Clearing and handling fee income	50	–	99	–
– Asset management commission	1	–	1	–
Provision of food and beverage services	989	1,593	2,113	3,027
	14,940	4,403	30,291	13,195

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

5. OTHER INCOME, OTHER GAINS AND LOSSES

Continuing operations

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Bank interest income	3	4	9	8
Dividend income from available-for-sales investment	26,580	–	27,487	–
Dividend income from financial assets at fair value through profit or loss	–	103	–	103
Sundry income	50	–	50	–
Net foreign exchange loss	(16)	(474)	(16)	–
	<u>26,617</u>	<u>(367)</u>	<u>27,530</u>	<u>111</u>

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

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

7. FINANCE COSTS

Continuing operations

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Interests on bank and other borrowings	<u>582</u>	<u>82</u>	<u>1,102</u>	<u>153</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

8. INCOME TAX EXPENSE

Continuing operations

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current tax				
Hong Kong Profits Tax	60	–	294	–
The PRC Enterprise Income Tax	–	6	7	12
	<u>60</u>	<u>6</u>	<u>301</u>	<u>12</u>
Over provision in prior periods				
Hong Kong	(20)	(20)	(20)	(20)
Deferred tax	–	1,622	–	2,198
Total income tax expense recognised in profit or loss	<u>40</u>	<u>1,608</u>	<u>281</u>	<u>2,190</u>

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

9. (LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

(Loss) 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	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Restated) (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Restated) (Unaudited)
Amortisation of prepaid lease payments	5	6	10	12
Depreciation of property, plant and equipment	492	449	924	898
Cost of inventories and services recognised as an expense (included in cost of sales and services)	7,859	2,910	14,247	9,612
Minimum lease payment paid under operating leases in respect of land and buildings	620	92	964	183

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

10. DISCONTINUED OPERATION

Disposal of an indirect non-wholly owned subsidiary

On 18 January 2017, 廈門市東岳貿易有限公司 (in English, for identification only, “Xiamen Dongyu Trading Company Limited”) (the “Vendor”), an indirect non-wholly owned subsidiary of the Company, and He Xiongfeng (the “Purchaser”) entered into an equity transfer agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire interest in 武平建軍生態養殖有限公司 (in English, for identification only, “Wuping Jian Jun Ecology Breeding Company Limited”) (the “Target”), a limited liability company established in the PRC, which is principally engaged in breeding and sales of live swine in the PRC, at a consideration of RMB1,100,000. The disposal constitutes a major transaction for the Company under the GEM Listing Rules and the resolution thereto was passed by the shareholders of the Company at a special general meeting held on 8 March 2017. The disposal was completed in March 2017.

The results for the period from the discontinued operation (i.e. animal husbandry 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 animal husbandry business as discontinued in the prior period.

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	–	4,679	–	6,413
Cost of sales	–	(2,081)	–	(2,483)
General and administrative expenses	–	(17)	(62)	(31)
Gain on disposal	–	–	2,867	–
	–	2,581	2,805	3,899
Attributable to:				
Owners of the Company	–	1,316	1,431	1,988
Non-controlling interests	–	1,265	1,374	1,911
	–	2,581	2,805	3,899

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

10. DISCONTINUED OPERATION (CONT'D)

Disposal of an indirect non-wholly owned subsidiary (Cont'd)

The assets, liabilities and gain on disposal of the Target as at the date of disposal are as follows:

	<i>HK\$'000</i> (Unaudited)
The net assets disposed of are as follows:	
Property, plant and equipment	197
Deposits, prepayments and other receivables	2
Cash and cash equivalents	<u>3</u>
Net assets disposed of	202
Profit on disposal:	
Consideration	1,239
Net assets disposed of	(202)
Release of foreign currency exchange reserve	<u>1,830</u>
Profit on disposal	<u><u>2,867</u></u>
Net cash inflow arising on disposal	
Cash consideration	1,239
Less: cash and cash equivalents disposed of	<u>(3)</u>
	<u><u>1,236</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

11. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) 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	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
(Loss) earnings for the period attributable to owners of the Company for the purpose of calculating basic and diluted (loss) earnings per share	(27,702)	5,890	(30,951)	7,944

Number of shares

	For the three months ended 30 June		For the six months ended 30 June	
	2017 '000	2016 '000	2017 '000	2016 '000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss) earnings per share	889,134	570,119	829,467	505,086

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

11. (LOSS) EARNINGS PER SHARE (CONT'D)

For continuing operations

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Restated) (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Restated) (Unaudited)
(Loss) earnings for the period attributable to owners of the Company for the purpose of calculating basic and diluted (loss) earnings per share	(27,702)	5,890	(30,951)	7,944
Less: Profit for the period attributable to owners of the Company from discontinued operation	—	(1,316)	(1,431)	(1,988)
(Loss) earnings for the period attributable to owners of the Company for the purpose of calculating basic and diluted (loss) earnings per share from continuing operations	(27,702)	4,574	(32,382)	5,956

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

11. (LOSS) EARNINGS PER SHARE (CONT'D)

For discontinued operation

	For the three months ended 30 June		For the six months ended 30 June	
	2017 (Unaudited)	2016 (Restated) (Unaudited)	2017 (Unaudited)	2016 (Restated) (Unaudited)
Earnings per share:				
– Basic (HK cents)	–	0.23	0.17	0.39
– Diluted (HK cents)	–	0.23	0.17	0.39
Earnings:	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profits for the period attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share from discontinued operations	–	1,316	1,431	1,988

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

The computation of diluted loss per share for the period ended 30 June 2017 did not assume the exercise of potential ordinary shares granted under the Company's share options scheme because the exercise price of those options was higher than the average market prices of share for the period ended 30 June 2017.

12. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2017 (30 June 2016: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired certain property, plant and equipment amounting to approximately HK\$2,378,000 (31 December 2016: approximately HK\$915,000).

14. INVESTMENT IN A JOINT VENTURE

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

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Cost of investment in a joint venture	15,000	15,000
Share of post-acquisition loss	(12,494)	(12,615)
Share of other comprehensive income of a joint venture	183	47
	2,689	2,432

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

Name of entity	Country of incorporation/ registration	Principal place of business	Proportions of ownership interest held by the Group		Principal activities
			As at 30 June 2017	As at 31 December 2016	
BLVD Cayman Limited	Cayman Islands	Singapore	50%	50%	Operating restaurants, cafes, and take-away outlets, food and drinking catering

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

15. LOANS AND INTEREST RECEIVABLES

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Loans and interest receivables	67,593	85,728
Analysed as:		
Current	46,171	52,646
Non-current	21,422	33,082
	67,593	85,728

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 2017, loans and interest receivables are charging on effective interest rate mutually agreed with the contracting parties, ranging from 4% to 14% (31 December 2016: 5% to 10%) per annum.

At 30 June 2017, loans and interest receivables of approximately HK\$8,598,000 (31 December 2016: approximately HK\$8,698,000) 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 follow:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
0–90 days	872	12,911
91–180 days	7,614	31,926
Over 180 days	59,107	40,891
	67,593	85,728

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

16. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Unlisted investments:		
Fund investment at fair value	6,656	7,188
Fund investments at cost	27,438	26,428
	34,094	33,616

Available-for-sale investments represent the Group's investments in unlisted funds investments. The above unlisted fund investment with carrying amount of HK\$6,656,000 (31 December 2016: HK\$7,188,000) represents 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 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

17. TRADE RECEIVABLES

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Trade receivables – agricultural and other business	12,971	9,429
Trade receivables – financial services business		
– Cash clients	10,792	2,548
– Margin clients	66,567	76,863
– Clearing house	7,517	6,216
	97,847	95,056
Less: allowance for doubtful debts	(188)	(905)
	97,659	94,151

(a) Agricultural and other business

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

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
0–90 days	7,452	8,179
91–180 days	4,873	1,250
Over 180 days	646	–
	12,971	9,429

The Group's trading terms with its customers from the agricultural business 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

17. TRADE RECEIVABLES (CONT'D)

(a) Agricultural and other business (cont'd)

Trade receivables which are past due at the end of the reporting period for which the Group had not recognised an allowance for doubtful debts because they relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral or other credit enhancements over these balances nor did it have a legal right of offset against any amounts owed by the Group to the counterparty.

Age of receivables that are past due but not impaired

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Overdue by:		
1–90 days	4,873	1,250
91–180 days	646	–
	5,519	1,250

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

17. TRADE RECEIVABLES (CONT'D)

(b) Financial services business

The margin loans are repayable on demand and bear variable interest at commercial rates. No aged analysis is disclosed as, in the opinion of the directors of the Company, the aged analysis does not give additional value in view of the nature of securities margin business.

The ageing analysis of the trade receivables arising from cash clients and clearing house which are past due but not impaired at the end of each of the period, based on the trade date is as follow:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Neither past due nor impaired	18,121	7,588
Past due but not impaired:		
Less than 1 month	—	225
1 to 3 months	—	—
Over 3 months	—	46
	18,121	7,859

Receivables that were neither past due nor impaired represent unsettled trades transacted on the last two days prior to the end of each reporting period and it also relate to a wide range of independent clients for whom there was no recent history of default.

No receivables that were past due but not impaired at the end of the period (31 December 2016: HK\$271,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Held-for-trading investments		
Equity securities listed in Hong Kong	92,605	150,725

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

19. TRADE AND OTHER PAYABLES

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Trade payables		
– Agricultural and other business (<i>Note (i)</i>)	3,795	1,971
– Financial services business (<i>Note (ii)</i>)		
– Cash clients	6,413	5,964
– Margin clients	21,372	8,844
– Clearing house	2,969	25,243
Other payables	8,301	9,805
	42,850	51,827

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

19. TRADE AND OTHER PAYABLES (CONT'D)

Notes:

- (i) The following is an analysis of trade payables by age based on invoice date at the end of the period:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
0–90 days	3,795	1,971

- (ii) The settlement terms of trade payables arising from the ordinary course of financial services business of dealing in securities are two days after trade date.

Trade payables to cash and margin clients bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date. No aged analysis is disclosed as, in the opinion of the directors of the Company, the aged analysis does not give additional value in view of the nature of business. At 30 June 2017, the trade payables amounting to approximately HK\$36,633,000 were payable to clients in respect of the trust and segregated bank balances received which are held for clients in the course of conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these payables with the deposits placed.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

20. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1 January 2016, ordinary shares of HK\$0.01 each	100,000,000	1,000,000
Share consolidation (<i>Note (i)</i>)	(80,000,000)	—
Share sub-division (<i>Note (i)</i>)	80,000,000	—
At 31 December 2016 and 30 June 2017, ordinary shares of HK\$0.01 each	100,000,000	1,000,000
Issued and fully paid:		
At 1 January 2016, ordinary shares of HK\$0.01 each	1,972,654	19,727
Capital reorganisation (<i>Note (i)</i>)	(1,578,123)	(15,782)
Issue of shares pursuant to open offer (<i>Note (ii)</i>)	197,265	1,973
Issue of shares upon exercise of share options (<i>Note (iv)</i>)	59,000	590
Issue of placing shares (<i>Note (iii)</i>)	118,340	1,183
At 31 December 2016, ordinary shares of HK\$0.01 each	769,136	7,691
At 1 January 2017, ordinary shares of HK\$0.01 each	769,136	7,691
Issue of placing shares (<i>Note (iii)</i>)	153,800	1,538
At 30 June 2017, ordinary shares of HK\$0.01 each	922,936	9,229

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

20. SHARE CAPITAL (CONT'D)

Notes:

(i) 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 sub-divided into 5 new shares of par value of HK\$0.01 each.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

20. SHARE CAPITAL (CONT'D)

Notes: (cont'd)

(ii) 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.

(iii) Issue of placing shares

On 2 December 2016, the Company completed the placing of an aggregate of 118,340,000 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\$11,300,000.

On 21 April 2017, the Company completed the placing of an aggregate of 153,800,000 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\$14,742,000.

(iv) Issue of shares upon exercise of share options

During the year ended 31 December 2016, 59,000,000 ordinary shares were issued upon the exercise of a total of 59,000,000 share options at exercise price HK\$0.11 per share, giving rise to aggregate net proceeds of approximately HK\$6,490,000.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

21. FINANCIAL INSTRUMENTS

Fair value measurements of financial instruments

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 and financial liabilities measured at fair value

	30 June 2017 <i>HK\$'000</i> (Unaudited)	31 December 2016 <i>HK\$'000</i> (Audited)
<i>Financial assets included in Level 1</i>		
Financial assets at fair value through profit or loss (Note 18)	92,605	150,725
<i>Financial assets included in level 2</i>		
Available-for-sale investment (Note 16)	6,656	7,188
<i>Financial liabilities included in level 1</i>		
Derivative financial instruments	10	6

During the period ended 30 June 2017, there were no transfers between Level 1, 2 and 3.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

21. FINANCIAL INSTRUMENTS (CONT'D)

Fair value measurements of financial instruments (Cont'd)

Fair value of financial assets and financial liabilities are 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 2017 and 31 December 2016.

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.

22. COMMITMENTS

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

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Authorised and contracted for:		
Acquisition of available-for-sale investments	1,883	6,016

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

23. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

Related party	Nature of Transactions	Notes	For the three months ended 30 June		For the six months ended 30 June	
			2017	2016	2017	2016
			HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Mr. Ng Man Chun Paul	Consultancy fee	(i)	-	300	-	100
	Commission income from securities dealing	(ii)	-	-	5	-
Mr. Ng Ting Kit or his close family members	Commission income from securities dealing	(ii)	8	-	14	-
Companies controlled by Mr. Ng Ting Kit or his close family member	Commission income from securities dealing	(ii)	5	-	2	-
	Interest income from securities	(iii)	2	-	2	-

Notes:

- (i) The consultancy fee paid were based on the terms mutually agreed between the parties involved.
- (ii) The commission income from securities dealings was calculated at rates ranged from 0.03% to 0.05%.
- (iii) The interest income from securities dealings was based on the rates which substantially in line with those normally received by the Group from third parties.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

23. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Outstanding balances with related parties

Included in the trade receivables and payables arising from the ordinary course of business of the financial services business are amounts due from and (to) certain related parties, the details of which are as follows:

Related party	Nature of Transactions	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Mr. Ng Man Chun Paul	Cash account	6	(6)
	Margin account	(108)	(1,118)
Mr. Ng Ting Kit or his close family members	Cash account	(341)	(493)
	Margin account	(73)	(35)
Companies controlled by Mr. Ng Ting Kit or his close family member	Cash account	(552)	(351)
	Margin account	(385)	622

The outstanding balances of cash accounts above represent the net balance of trading accounts at the end of the period.

(c) 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	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Fees, salaries and other benefits	696	416	1,413	830
Equity-settled share-based payments	347	531	347	531
	<u>1,043</u>	<u>947</u>	<u>1,760</u>	<u>1,361</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONT'D)

24. ACQUISITION OF SUBSIDIARIES AND BUSINESS COMBINATION

Acquisition of Profit Network Asia Inc. ("Profit Network")

On 16 June 2017, the Group acquired 49% equity interests in Profit Network from Trinity Worldwide Capital Holding Limited ("Trinity Worldwide"), a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Ng Ting Kit, elder brother of Mr. Ng Ting Ho, a non-executive director of the Company, at a cash consideration of HK\$39,200,000. The acquisition of 49% equity interest in Profit Network constituted a major and connected transaction of the Company under the GEM Listing Rules and the ordinary resolution relating thereto was passed by the shareholders of the Company at a special general meeting held on 12 June 2017. Upon completion of the acquisition on 16 June 2017, Profit Network and its subsidiary ("Profit Network Group") became wholly owned subsidiaries of the Company and the financial results of the Profit Network Group continue to be consolidated into the consolidated financial statements of the Company. The difference between the fair value of consideration paid and the decrease in a non-controlling interest was adjusted in the accumulated loss of the Group.

The subsidiary of Profit Network is a company incorporated in Hong Kong with limited liability and 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"). In the opinion of the directors, the acquisition by the Group is to diversify the Group's business into the financial services industry in addition to the Group's existing securities investment and trading and related businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

China Demeter Financial Investments Limited (the “Company” and, together with its subsidiaries, the “Group”) recorded a loss attributable to owners of the Company of approximately HK\$30,951,000 for the six months ended 30 June 2017 (the “Period”) (30 June 2016: a profit attributable to owners of the Company of approximately HK\$7,944,000). Such loss was mainly attributable to the fluctuation in the Hong Kong stock market around the end of the first half of 2017, which resulted in a loss of approximately HK\$52,288,000 on financial assets at fair value through profit or loss during the Period as compared to a profit of approximately HK\$ 15,747,000 on financial assets at fair value through profit or loss during the same period last year. The financial assets at fair value through profit or loss are mainly composed of equity securities listed in Hong Kong with their fair value based on the quoted market price. The decrease in profit was partially set off by the dividend income of approximately HK\$27,487,000 derived from available-for-sales investment of the Group and a profit from our financial services business newly acquired by the Group in September 2016.

Revenue of the Group from the continuing operations for the Period increased by approximately 130% to approximately HK\$30,291,000 (30 June 2016: approximately HK\$13,195,000), while gross profit from the continuing operations for the Period was approximately HK\$13,244,000 (30 June 2016: approximately HK\$3,583,000). The revenue from the continuing operations for the Period comprised the sales of feedstock products amounting to approximately HK\$14,464,000 (30 June 2016: approximately HK\$7,122,000), loan interest income amounting to approximately HK\$3,326,000 (30 June 2016: approximately HK\$3,046,000), provision of financial services amounting to approximately HK\$10,388,000 (30 June 2016: Nil) and provision of the food and beverage service amounting to approximately HK\$2,113,000 (30 June 2016: approximately HK\$3,027,000).

General and administrative expenses from the continuing operations for the Period increased to approximately HK\$19,873,000 (30 June 2016: approximately HK\$9,539,000), mainly due to the recognition of the equity-settled share-based payment expense of approximately HK\$1,673,000 during the Period and the fact that operating expenses of Profit Network Group were consolidated to the Group’s administrative expenses upon completion of the acquisition of Profit Network Group by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Agriculture

Revenue of the feedstock product business for the Period was approximately HK\$14,464,000 (30 June 2016: approximately HK\$7,122,000), which was mainly attributable to steady sales of feedstock products.

In view of the increasingly stringent environmental protection laws in the PRC, it is expected that a relatively large scale capital investment would be required to upgrade the infrastructure and facilities of the live swine breeding business, so as to maintain the Company's live swine breeding and sales business at the current level and its competitiveness. If the necessary capital investment was not provided, the live swine breeding business would not be able to keep up with its current business scale. In addition, certain buildings relating to the live swine breeding business were physically damaged. The management estimated that the upgrade of equipment and facilities would take about six months, during which the live swine breeding business might have to be suspended and approvals had to be obtained from the relevant authorities. If such upgrade was carried out, the daily operation of the live swine breeding business would be affected, and as such the revenue and profit generated from the live swine breeding business in 2017 would possibly be much lower than those of 2016.

Therefore, 廈門市東岳貿易有限公司 (in English, for identification only, "Xiamen Dongyu Trading Company Limited"), which is a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company owned as to 51% by the Company, as vendor, entered into an equity transfer agreement with He Xiongfeng, an independent third party, as purchaser, to dispose of 100% of the issued shares of 武平建軍生態養殖有限公司 (in English, for identification only, "Wuping Jian Jun Ecology Breeding Company Limited"), which is a limited liability company established in the PRC and is principally engaged in breeding and sales of live swine in the PRC ("Disposal"). The Disposal constituted a major transaction of the Company pursuant to the GEM Listing Rules, and its resolution was passed by the Shareholders of the Company at the Special General Meeting ("SGM") on 8 March 2017. The Disposal has been completed in March 2017. Please refer to the announcement dated 20 March 2017 for details.

Money Lending Business

During the Period, the Group used its surplus liquidity to fund its money lending business through its wholly-owned subsidiaries, Way Union Finance Limited and Delight Sky Finance Limited, and the loan interest income under this business segment amounted to approximately HK\$3,326,000 during the Period (30 June 2016: approximately HK\$3,046,000). Interests of the loan receivables were charged at rates ranging from 4% to 14% per annum during the Period (30 June 2016: 5% to 12%).

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial Service Business

To further develop its financial service business, the Group completed the acquisition of the 51% equity interest in Profit Network Asia Inc. ("Profit Network") in 2016, and entered into a purchase and sales agreement dated 24 February 2017 with Trinity Worldwide Capital Holding Limited (a company incorporated in the British Virgin Islands with limited liability), pursuant to which, the Group conditionally agreed to acquire the remaining 49% equity interest in Profit Network at a total consideration of HK\$39,200,000. Following completion of the acquisition on 16 June 2017, Profit Network Group becomes a wholly-owned subsidiary of the Group, and therefore its financial results continue to be consolidated into the consolidated financial statements of the Group.

Profit Network Group is principally engaged in advising on securities and dealing in securities business. The subsidiary of Profit Network is a licensed corporation in Hong Kong to carry out 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. The acquisition will provide a prime opportunity for the Group to continue to develop its newly acquired financial service business segment, which is expected to have a positive impact on the operations, financial results and profitability of the Group.

The Board believes that the operational model and management experiences of Profit Network Group, in particular in advising on securities, will be conducive to diversifying the Group's business. In addition, the Group will continue to develop its newly acquired financial service business segment which is expected to bring about a positive impact on the operations, financial results and profitability of the Group. During the Period, revenue from external customers of Profit Network Group amounted to approximately HK\$10,388,000 (30 June 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Securities Investment Business

The Group's diversified securities investment portfolios cover both listed and non-listed companies, in order to diversify its investment portfolios and increase returns to shareholders. During the Period, the Group recorded a loss from financial assets at fair value through profit or loss of approximately HK\$52,288,000 (30 June 2016: a profit of approximately HK\$15,747,000). The decrease was mainly due to the fluctuations in the Hong Kong stock market and a slowdown in the global economy during the Period.

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 2017 accounted for approximately 99.6% 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 2017. These investments included (i) 184,252,768 shares of Convoy Global Holdings Limited ("Convoy Global"); (ii) 41,200,000 shares of China e-Wallet Payment Group Limited ("China e-Wallet"); (iii) 45,865,000 shares of AMCO United Holding Limited ("AMCO United Holding"); and (iv) 101,908,170 shares of First Credit Finance Group Limited ("First Credit"). The respective shares of Convoy Global, China e-Wallet and AMCO United Holding are listed on the main board of the Stock Exchange. First credit is listed on the GEM of the Stock Exchange. The Group's investments in Convoy Global, China e-Wallet, AMCO United Holding and First Credit were collectively known as "Significant Investment".

Details on Significant Investment are as follows:

Investees	For the six months ended 30 June 2017		As at 30 June 2017		As at 31 December 2016	
	Fair value gains (losses) HK\$'000	Approximate percentage of fair value gains (losses) of the investments account for the change in fair value of financial assets through profit or loss (Note 1)	Market value HK\$'000	Approximate percentage of financial assets at fair value through profit or loss (Note 2)	Approximate percentage to the net assets (Note 3)	Market value HK\$'000
Convoy Global	(21,373)	40.9%	21,189	22.9%	5.9%	42,562
China e-Wallet	(21,012)	40.2%	5,768	6.2%	1.6%	26,780
AMCO United Holding	(22,129)	42.3%	5,229	5.6%	1.5%	21,160
First Credit	13,390	(25.6%)	60,126	64.9%	16.9%	(Note 4)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Securities Investment Business (cont'd)

Note 1: Approximate percentage of fair value gains (losses) of the investments over the changes in fair value of financial assets through profit or loss is calculated by dividing the fair value gains (losses) from the investment by the gains (losses) from the changes in fair value of financial assets through profit or loss during the corresponding periods.

Note 2: Approximate percentage of financial assets at fair value through profit or loss is calculated by dividing the market value of the investment by the total carrying value of the financial assets at fair value through profit or loss held by the Group as at 30 June 2017.

Note 3: Approximate percentage attributable to the net assets is calculated by dividing the market value of the investment by the net assets of the Group as at 30 June 2017.

Note 4: Not applicable as the Group acquired the relevant shares after 31 December 2016.

Convoy Global is principally engaged in the independent financial advisory business, money lending business, proprietary investment business, asset management business, corporate finance advisory business and securities dealing business. China e-Wallet is principally engaged in the provision of biometric identification products, radio frequency identification products and solution services, and internet and mobile applications and related services. AMCO United Holding is principally engaged in the manufacture and sale of medical devices products, the manufacture and sale of plastic moulding products, the provision of public relation services, the provision of construction services for building construction, building maintenance and improvement works, project management, renovation and decoration works, and the provision of money lending business and investment in securities. First Credit is principally engaged in the money lending services.

Faced with such unfavorable conditions as decelerating global economic activities, a persistent slowdown in economic growth, and the fluctuations of the Hong Kong stock market around the end of the first half of 2017, the Group record a loss in financial assets at fair value through profit or loss for the six months ended 30 June 2017. The Board expects that the Group's performance in Significant Investments will still be able to generate positive returns for the Group in the near future. Therefore, the Board will continue to closely monitor the performance of securities to mitigate potential financial risks.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Food and Beverage Business

During the Period, the Group recorded income of approximately HK\$2,113,000 (30 June 2016: approximately HK\$3,027,000) in the provision of food and beverage service. During the Period, the food and beverage business of the Group recorded segment loss due to the rising costs of the food and salary. The Group will continue to closely monitor the market trend and adjust its business strategy and control expenses, thus generating returns for our shareholders.

Investment in a Joint Venture

The joint venture is currently engaged in investing in the business of operating restaurants, cafes and takeaway outlets as well as providing food and beverage in the Southeast Asia region. During the Period, the Group recorded the share of profit of a joint venture of approximately HK\$201,000 (30 June 2016: loss of approximately HK\$1,992,000). Such profit was mainly attributable to the financial performance improved by the enhanced operating efficiency thanks to the effective cost control measures. 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.

Change of Company Name

As disclosed in the circular of the Company dated 9 November 2016, the Company proposed the change of the English name of the Company from “China Demeter Investments Limited” to “China Demeter Financial Investments Limited” and its secondary name in Chinese from “中國神農投資有限公司” to “國農金融投資有限公司”. As disclosed in the announcement of the Company dated 2 December 2016, the resolution in relation to the change of name of the Company was duly passed by the shareholders as a special resolution by way of poll and as disclosed in the announcement of the Company dated 9 January 2017, the change of name took effect on 13 January 2017.

Issue of shares under the general mandate

On 31 March 2017, the Company and Astrum Capital Management Limited (‘the “Placing Agent”’) entered into a placing agreement pursuant to which the Placing Agent agreed to place (“Placing”), on a best basis, in aggregate, up to 153,800,000 placing shares of the Company at the placing price of HK\$0.10 per share to not less than six placees under general mandate. As disclosed in the announcement of the Company dated 21 April 2017, completion of the Placing took place on 21 April 2017 in accordance with the terms of the placing agreement. The Company received net proceed of approximately HK\$14.7 million, which was used for partial payment of the acquisition of the remaining 49% of the issued shares of Profit Network.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Prospect

For the first half of 2017 under review, global economic conditions remained uncertain with challenges, while China's economic growth remained sluggish. In such unfavorable economic and market conditions, various business sectors of the Group face numerous challenges. To tackle these challenges, the Group will further advance the development of all businesses to further diversify the Company's business portfolio, while closely and actively following the market trend to identify new investment opportunities.

Looking into the future, the Group will be committed to developing our financial services and securities investment businesses into one of the major growth drivers. The acquisition of the equity interest in Profit Network Group will enable the Group to consolidate its position in the financial services and securities investment businesses and achieve a strong development momentum in advising on securities by leveraging on its own resources and capitalising on Profit Network Group's professional operational model and management experiences. This will be conducive to expanding the Group's operation and investment scope, as well as broadening the Group's income sources. In addition, the Directors remain optimistic about the growth potential in the money lending markets of Hong Kong and will closely monitor the market trend with appropriate 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 an aim to expanding the Company's scope of operation and investments whenever the right opportunities arise. Leveraging on the solid foundation supported by its existing core businesses, the Group will formulate business strategies according to the market trends and continue to explore new investment opportunities, in an effort to enhance the Group's long term profitability. In addition, the Group will carefully review the development in all segments, and will allocate more resources to any business with growth 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 higher returns for our shareholders.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2017, the Group had cash and bank balances of approximately HK\$16,690,000 (31 December 2016: approximately HK\$73,971,000) and net current assets of approximately HK\$263,330,000 (31 December 2016: approximately HK\$307,823,000). Current ratio (defined as total current assets divided by total current liabilities) was 7.09 times (31 December 2016: 3.88 times).

The Group did not have any borrowings as at 30 June 2017 (31 December 2016: approximately HK\$25,470,000).

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 2017 was 11% (31 December 2016: 21%).

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

MATERIAL ACQUISITION AND DISPOSAL

On 18 January 2017, 廈門市東岳貿易有限公司 (in English, for identification only, “Xiamen Dongyu Trading Company Limited”), an indirect non-wholly owned subsidiary of the Company, entered into an equity transfer agreement with He Xiongfeng to dispose of the equity interest in 武平建軍生態養殖有限公司 (in English, for identification only, “Wuping Jian Jun Ecology Breeding Company Limited”), a limited liability company established in the PRC which is principally engaged in breeding and sales of live swine in the PRC, at a consideration of RMB1,100,000. As disclosed in the announcement dated 8 March 2017 in relation to the poll results of the special general meeting, the relevant resolution to approve such disposal was duly passed by the Shareholders by way of poll. The disposal was completed in March 2017. For details, please refer to the announcements of the Company dated 18 January 2017, 8 March 2017 and 20 March 2017 and the circular of the Company dated 20 February 2017.

On 24 February 2017, Golden Harvest Holdings Limited and Trinity Worldwide, entered into a purchase and sales agreement, pursuant to which, the Company conditionally agreed to acquire the remaining 49% equity interest in Profit Network, a company owned as to 49% by Trinity Worldwide and 51% by the Company as at 24 February 2017, at a total consideration of HK\$39,200,000. Following completion of acquisition on 16 June 2017, Profit Network Group becomes a wholly owned subsidiary of the Company and the financial results of the Profit Network Group continue to be consolidated into the consolidated financial statements of the Company.

The Consideration was partly funded from the net proceeds of approximately HK\$14.7 million from the placing of new Shares under general mandate of the Company which was completed on 21 April 2017, further particulars of which are set out in the announcements of the Company dated 31 March 2017 and 21 April 2017, and the remaining of which to be funded from the internal resources of the Group. Trinity Worldwide 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 before the date 16 June 2017 and redesignated to a non-executive director since then. Accordingly, the Trinity Worldwide 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 SFO.

Saved as disclosed above, the Company does not have any significant acquisition and disposal during the six months ended 30 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

CAPITAL STRUCTURE

As at 30 June 2017, the Group had equity attributable to owners of the Company of approximately HK\$345,982,000 (31 December 2016: approximately HK\$361,420,000).

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

For the period ended 30 June 2017, 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 2017, no group assets have been charged to secure bank loan and other borrowings. As at 31 December 2016, the Group had outstanding borrowings of HK\$25,470,000 comprising other borrowing of HK\$25,000,000, which is secured by corporate guarantee executed by the Company and bank borrowing of HK\$470,000, which is secured by personal guarantee executed by the director of a subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ADDITION OF PROPERTY, PLANT AND EQUIPMENT

During the period, there were additions of property, plant and equipment of approximately HK\$2,378,000. (31 December 2016: approximately HK\$915,000).

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2017 (as at 31 December 2016: Nil).

EVENT AFTER THE REPORTING PERIOD

Up to the date of results announcement and interim report issuance, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Director after the six months ended 30 June 2017.

CAPITAL COMMITMENT

The Group had capital commitment of acquisition of available-for-sale investments approximately HK\$1,883,000 as at 30 June 2017 (31 December 2016: approximately HK\$6,016,000).

EMPLOYEE INFORMATION

As at 30 June 2017, the Group had approximately 76 employees (including Directors) in Hong Kong and the PRC (30 June 2016: 58 employees (including Directors in Hong Kong and the PRC)). 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\$10,766,000 for the six months ended 30 June 2017 (30 June 2016: approximately HK\$4,703,000).

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (30 June 2016: 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 June 2017 on the basis of 922,936,125 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 92,293,612.

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.

OTHER INFORMATION (CONT'D)

SHARE OPTION SCHEMES (CONT'D)

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.

OTHER INFORMATION (CONT'D)

SHARE OPTION SCHEMES (CONT'D)

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 76,900,000 shares were granted to directors, employees and other eligible persons on 7 April 2017. 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 2017, share options to subscribe for up to 76,900,000 remained outstanding.

OTHER INFORMATION (CONT'D)

SHARE OPTION SCHEMES (CONT'D)

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

Name of Grantee	Date of Grant	Exercisable Period	Subscription price per share	Outstanding as at 1 January 2017	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding as at 30 June 2017
<i>Directors:</i>								
Mr. Ng Man Chun Paul	7 April 2017	7 April 2017 to 6 April 2018	HK\$0.1072	-	7,690,000 ⁽ⁱ⁾	-	-	7,690,000
Mr. Ng Ting Ho	7 April 2017	7 April 2017 to 6 April 2018	HK\$0.1072	-	7,690,000 ⁽ⁱ⁾	-	-	7,690,000
Sub-total				-	15,380,000	-	-	15,380,000
Employees	7 April 2017	7 April 2017 to 6 April 2018	HK\$0.1072	-	15,380,000 ⁽ⁱ⁾	-	-	15,380,000 ⁽ⁱ⁾
Sub-total				-	15,380,000 ⁽ⁱ⁾	-	-	15,380,000 ⁽ⁱ⁾
<i>Other eligible persons:</i>								
Consultants	7 April 2017	7 April 2017 to 6 April 2018	HK\$0.1072	-	30,760,000 ⁽ⁱ⁾	-	-	30,760,000 ⁽ⁱ⁾
Directors of a subsidiary	7 April 2017	7 April 2017 to 6 April 2018	HK\$0.1072	-	15,380,000 ⁽ⁱ⁾	-	-	15,380,000 ⁽ⁱ⁾
Sub-total				-	46,140,000	-	-	46,140,000
Grand Total				-	76,900,000	-	-	76,900,000

No share options had been exercised under the 2013 Share Option Scheme for the period ended 30 June 2017.

Note:

- (i) During the period ended 30 June 2017, 76,900,000 share options were granted on 7 April 2017 with exercise price of the share options at HK\$0.1072 per share. The closing price of the Company's shares immediately before 7 April 2017, the date of grant of the share options was HK\$0.1060.

OTHER INFORMATION (CONT'D)

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 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed 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 2017.

DIRECTORS' INTERESTS IN A TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

No transactions, arrangements and contracts of significance to which the Company or its subsidiaries was a party and in which a Director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Long positions in underlying ordinary 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. Ng Man Chun Paul	Beneficial owner	7,690,000 (Note 2)	0.83%
Mr. Ng Ting Ho	Beneficial owner	7,690,000 (Note 2)	0.83%

OTHER INFORMATION (CONT'D)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONT'D)

Notes:

1. The percentage of interest in the Company is calculated by reference to the number of Shares in issue as at 30 June 2017, that is, 922,936,125 Shares.
2. For each respective Director, these represent underlying shares relating to the share options granted by the Company to each such Director on 7 April 2017.

Other than as disclosed above, as at the 30 June 2017, none of the Directors or chief executive nor associates had interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Save as disclosed under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" 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.

OTHER INFORMATION (CONT'D)

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, the register of substantial shareholders maintained by the Company, pursuant to section 336 of the SFO shows that the following shareholder had notified the Company at relevant interests and short positions in the issued share capital of the Company:

Long Position

Name of Shareholder	Capacity	Number of ordinary shares held	Percentage of
			the share capital of the Company (Note 1)
China Green (Holdings) Limited	Beneficial owner	147,900,000	16.02%

Note:

1. The percentage of interest in the Company is calculated by reference to the number of Shares in issue as at 30 June 2017, that is 922,936,125.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the share capital of the Company as at 30 June 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Lee Kin Fai, an independent non-executive Director, is an executive director of Get Holdings Limited (Stock Code: 8100) and Mr. Hung Kenneth, an independent non-executive Director, is an executive director of Interactive Entertainment China Cultural Technology Investments Limited (Stock Code: 8081) and an executive director of DX.com Holdings Limited (Stock Code: 8086), each of which is a company listed on GEM whose principal businesses include 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.

OTHER INFORMATION (CONT'D)

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 2017.

CORPORATE GOVERNANCE CODE

During the period ended 30 June 2017, 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.

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 2017.

On behalf of the Board
China Demeter Financial Investments Limited
Zhou Jing
Chairman

Hong Kong, 11 August 2017

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

This report will remain on the “Latest Company Announcements” page of the GEM website at <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.