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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)

**MAJOR AND CONNECTED TRANSACTION:
ACQUISITION OF 44% OF THE ISSUED SHARES OF THE TARGET**

The Board announces that after trading hours on 27 April 2016, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the SP Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares at a Consideration of HK\$35,200,000. The Sale Shares represent 44% of the issued shares of the Target.

The Target Group is principally engaged in advising and dealing in securities. The Target Subsidiary, a wholly-owned subsidiary of the Target, is a licensed corporation to carry out on businesses in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. As at the date of the SP Agreement, the Target is owned as to 93% by the Vendor and as to 7% by the Purchaser. The Purchaser's existing 7% equity interest in the Target was acquired by the Purchaser on 6 January 2016 under the Previous Acquisition. At the time of the Previous Acquisition, the Previous Acquisition did not constitute a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules or a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

Upon Completion, the Target shall be owned as to 51% by the Company, each of the Target and the Target Subsidiary shall become a non-wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

In view of the fact that the sole shareholder of the Vendor is an associate of Mr. Ng Ting Ho, an executive Director, the Vendor is a connected person of the Company and accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Given that the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Acquisition exceeds 25%, the Acquisition is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 20 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 25% but all applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction of the Company under the GEM Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Independent Board Committee comprising all of the independent non-executive Directors has been established to advise and provide recommendation to the Independent Shareholders on the SP Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders on how to vote. In this connection, the Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the SP Agreement and the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

The SGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving the Acquisition. A circular containing, among other things, (i) details of the SP Agreement and the transactions contemplated thereunder and other information relating to the Group and the Target Group as required to be disclosed under the GEM Listing Rules; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the SP Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders on or before 27 June 2016, as additional time is required by the Company for the preparation of certain information for inclusion in the circular.

The Board announces that after trading hours on 27 April 2016, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the SP Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares at a Consideration of HK\$35,200,000. The principal terms of the SP Agreement are summarised as follows:

THE SP AGREEMENT

- Date : 27 April 2016.
- Purchaser : Golden Harvest Holdings Limited 金滿控股有限公司, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company.
- Vendor : Trinity Worldwide Capital Holding Limited, a company incorporated in the British Virgin Islands with limited liability. The Vendor is an investment holding company wholly owned by Mr. Ng Ting Kit, elder brother of Mr. Ng Ting Ho, an executive Director. Accordingly, the Vendor is an associate of Mr. Ng Ting Ho and is a connected person of the Company under the GEM Listing Rules.

Assets to be acquired

The Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares at a Consideration of HK\$35,200,000. The Sale Shares represent 44% of the issued shares of the Target. Further particulars of the Target and the Target Group are set out in section headed “Information on the Target Group” below.

Consideration

The Consideration of HK\$35,200,000 shall be payable by the Purchaser to the Vendor at Completion.

The Consideration was determined after arm’s length negotiations between the parties to the SP Agreement on normal commercial terms with reference to the historical operating and financial performance of the Target Group, the unaudited net assets of the Target Group as at 31 March 2016 of approximately HK\$55.8 million and the reasons as set out in the section headed “Reasons for and benefits of the Acquisition” below.

The Consideration will be funded from the internal resources of the Group.

Conditions precedent

Completion is conditional upon and subject to the following conditions precedent:

- (1) the Shareholders having approved the necessary resolution regarding the transactions contemplated under the SP Agreement at the SGM in accordance with the GEM Listing Rules;
- (2) the Target Subsidiary having received the written approval or consent of SFC (in accordance with the SFO) to the change in the substantial shareholder of the Target Subsidiary as contemplated by the SP Agreement;
- (3) (if required by the Purchaser), the Target Subsidiary having received the written approval or consent of SFC to the appointment of such person(s) nominated by the Purchaser as director(s) of the Target Subsidiary;
- (4) the Purchaser being reasonably satisfied with the results of the due diligence exercise (whether on legal, accounting, financial, operational, properties or other aspects that the Purchaser may consider necessary) on the Target Group and its assets, liabilities, activities, operations, prospects and other status which the Purchaser, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (5) the Purchaser being satisfied that, from the date of the SP Agreement and at any time before the Completion, that the warranties under the SP Agreement remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the warranties or other provisions of the SP Agreement by the Vendor; and
- (6) (if applicable) the receipt from the Purchaser of all such waivers, consents or other documents as the Vendor may require in relation to the completion of the transactions contemplated under the SP Agreement.

The satisfaction of the conditions precedent (4), (5) and (6) above are capable of being waived by the Purchaser. Save as aforesaid, none of the conditions precedent is capable of being waived by the Purchaser and the Vendor.

If the conditions precedent above cannot be fulfilled (or waived, where applicable) on or before the Long Stop Date, the SP Agreement shall terminate (save and except certain provisions, including confidentiality and announcements, notices and governing law) and the obligations of the parties to proceed with Completion shall cease and terminate and no party shall have any claim against or liability to the other party with respect to any matter referred to in the SP Agreement save for any antecedent breaches of the SP Agreement.

Completion

Completion shall take place on the third Business Day after the conditions precedent are fulfilled or waived or such other date as the Purchaser and the Vendor shall agree in writing.

Other terms

Pursuant to the SP Agreement, upon Completion, the Vendor and the Purchaser have agreed that unless otherwise agreed by the Vendor and the Purchaser in writing, so long as the Purchaser (and/or any members of the Group) held not less than 50% of the shares in the then issued share capital of the Target, the Purchaser shall have the right to nominate and remove such number of directors of each of the members of the Target Group which shall equal to not less than 51% of the total number of directors of such member of the Target Group.

PREVIOUS ACQUISITION

On 6 January 2016, the Purchaser and the Vendor entered into a sale and purchase agreement pursuant to which the Purchaser purchased and the Vendor sold such number of shares in the issued share capital of the Target as held by the Vendor representing 7% of the issued share capital of the Target at a consideration of HK\$5,600,000 in cash. Completion of such acquisition took place immediately after the signing of such sale and purchase agreement.

As at the date of the SP Agreement, the Purchaser remained as the holder of 7% equity interest in the Target. At the time of the Previous Acquisition, the Previous Acquisition did not constitute a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules or a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules.

INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in the British Virgin Islands with limited liability which as at the date of this announcement, is owned as to 93% by the Vendor and as to 7% by the Purchaser. The Purchaser's existing 7% equity interest in the Target was acquired by the Purchaser on 6 January 2016 under the Previous Acquisition. The Target, through its wholly-owned subsidiary, namely the Target Subsidiary, a company incorporated in Hong Kong with limited liability, is principally engaged in advising and dealing in securities.

The Target is an investment holding company. The Target Subsidiary, incorporated in 2010, is a licensed corporation to carry out on businesses in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO.

The Target was incorporated on 28 September 2015 and no business activity has been undertaken by it after its incorporation. Accordingly, no financial information on the Target is presented in this announcement. Set out below is a summary of certain financial information of the Target Subsidiary for the year ended 31 March 2015 and the year ended 31 March 2016:

	For the year ended 31 March 2015 (Audited) HK\$'000 approximately	For the year ended 31 March 2016 (Unaudited) HK\$'000 approximately
Turnover	18,125	22,860
Profit before taxation	9,243	9,419
Profit after taxation	7,741	7,534

As at 31 March 2016, the unaudited total asset value and net asset value of the Target Group were approximately HK\$126.7 million and HK\$55.8 million respectively.

Upon Completion, the Target shall be owned as to 51% by the Company, each of the Target and the Target Subsidiary shall become a non-wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in (i) feedstock products and animal husbandry business; (ii) money lending business; (iii) securities investment business; and (iv) food and beverage business.

The Board is always committed to seeking opportunities for new business and performance growth, as well as for timely expansion of the Company's scope of operation and investments.

Securities investment business is one of the principal business of the Group. As disclosed in the annual report of the Company for the year ended 31 December 2015, the Group will continue to develop the securities investment and trading and related business by aiming to expand its scope, to seize opportunities for bringing a new impetus for its revenue growth, and to contribute benefits to the Group by formulating business strategies accordingly in line with market trends.

The Acquisition serves to further the aforesaid goals of the Group through by allowing cooperation between the Group and the Target Group, which is expected to significantly promote the integration of both parties' securities investment and trading and related businesses. The Target Group is principally engaged in advising and dealing in securities in which the Target Subsidiary is a licensed corporation in Hong Kong to carry out on businesses in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. In this regard, the Company believes that through leveraging on its own resources and combining with the operational model and management experiences of the Target 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's existing securities investment business.

The terms of the SP Agreement were determined after arm's length negotiations between the parties thereto. In light of the reasons above, the Directors (other than the independent non-executive Directors whose views will be formed after taking into account the advice of the Independent Board Committee and the Independent Financial Adviser) are of the view that the Acquisition is in the interests of the Company and that the terms of the SP Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

In view of the fact that Mr. Ng Ting Kit, the sole shareholder of the Vendor, is an associate of Mr. Ng Ting Ho, an executive Director, the Vendor is a connected person of the Company and accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Given that the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Acquisition exceeds 25%, the Acquisition is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 20 of the Listing Rules. The Company will seek the Independent Shareholders' approval for the SP Agreement and the transactions contemplated thereunder at the SGM.

None of the Directors had material interests in the transactions contemplated under the Acquisition. Nevertheless, given that the Vendor is an associate of Mr. Ng Ting Ho, an executive Director, Mr. Ng Ting Ho had abstained from voting on the resolutions at the Board meeting held to approve the SP Agreement and the transactions contemplated thereunder.

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 25% but all applicable percentage ratios are less than 100%, the Acquisition constitutes a major transaction of the Company under the GEM Listing Rules and is subject to reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

GENERAL

The SGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving the Acquisition. At such meeting, voting on the resolution in respect of the SP Agreement and the transactions contemplated thereunder will be taken by way of poll.

The Independent Board Committee comprising all of the independent non-executive Directors has been established to advise and provide recommendation to the Independent Shareholders on the SP Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders on how to vote.

In this connection, the Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the SP Agreement and the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Ng Ting Ho, an executive Director, the Vendor and their respective associates who are required to abstain from voting on the resolution to be proposed at the SGM, no other Shareholder or any of its associates has any material interest in the SP Agreement and the transactions contemplated thereunder and no other Shareholder is required to abstain from voting on the resolution to be proposed at the SGM.

A circular containing, among other things, (i) details of the SP Agreement and the transactions contemplated thereunder and other information as required to be disclosed under the GEM Listing Rules; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the SP Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM, is expected to be despatched to the Shareholders on or before 27 June 2016, as additional time is required by the Company for the preparation of certain information for inclusion in the circular.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the SP Agreement
“associate”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day(s) (except any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	China Demeter Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on GEM
“Completion”	the completion of the Acquisition
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	HK\$35,200,000, the total consideration of the Acquisition
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent committee of the Board (which comprises all the independent non-executive Directors) established to advise the Independent Shareholders with regard to the SP Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	an independent financial adviser to be appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the SP Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders, who do not have any material interest in the SP Agreement and the transactions contemplated thereunder
“Independent Third Party”	a third party independent of the Company and the connected persons of the Company
“Long Stop Date”	4:00 p.m. on 25 October 2016 or such other time and date as the Purchaser and the Vendor shall agree in writing
“PRC”	the People’s Republic of China
“Previous Acquisition”	the acquisition of 7% equity interest in the Target by the Purchaser from the Vendor, completion of which took place on 6 January 2016 and further particulars of which are set out in the section headed “Previous Acquisition” in this announcement.
“Purchaser”	Golden Harvest Holdings Limited 金滿控股有限公司, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Shares”	264 shares of the Target, representing 44% of the issued shares of the Target
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Acquisition
“SP Agreement”	the agreement dated 27 April 2016 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Profit Network Asia Inc., a company incorporated in the British Virgin Islands with limited liability
“Target Group”	collectively, the Target and the Target Subsidiary
“Target Subsidiary”	China Demeter Securities Limited 國農證券有限公司 (formerly known as Trinity Finance Investment Limited 利宏金融投資有限公司), a company incorporated in Hong Kong with limited liability and a licensed corporation to carry out on businesses in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Trinity Worldwide Capital Holding Limited, a company incorporated in the British Virgin Islands with limited liability

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

27 April 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, 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 <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.