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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)

CONNECTED TRANSACTIONS – GRANT OF MARGIN FINANCING FACILITY

GRANT OF MARGIN FINANCING FACILITY

The Board hereby announces that during the Relevant Period, China Demeter Securities, a 51% owned subsidiary of the Company, has granted margin finance facility to the Relevant Connected Persons on several occasions. A summary of such grant of margin finance facility, which are non-fully exempt connected transactions, are set out in the sub-paragraph headed “Grant of margin finance facility – Details of margin finance facility” below.

China Demeter Securities became a 51% owned subsidiary of the Company since 2 September 2016. China Demeter Securities is a licensed corporation in Hong Kong to carry on businesses in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. The grant of margin finance facility by China Demeter Securities to its customers is in its ordinary course of business.

IMPLICATIONS UNDER THE GEM LISTING RULES

Each grant of the margin finance facility to the Relevant Connected Persons constituted a connected transaction of the Company. Given that the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of each grant of the margin finance facility by China Demeter Securities to the Relevant Connected Persons is less than 25% and the total value of the financial assistance plus any monetary advantage to the Relevant Connected Person is less than HK\$10,000,000, each such grant is exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules.

GRANT OF MARGIN FINANCING FACILITY

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During the Relevant Period, China Demeter Securities has granted margin finance facility to certain connected persons of the Company or associates of connected persons of the Company on several occasions. A summary of such grants, which are non-fully exempt connected transactions, is set out below:

Details of margin finance facility

Identity of Relevant Connected Person	Period of grant of margin finance facility	Amount of margin finance facility HK\$ ('000)	Interest income received by the Group HK\$ ('000)
Individual A (<i>note 1</i>)	1 November 2016 to 3 November 2016	4,593	6
	3 November 2016 to 4 November 2016	3,665	1
Mr. Ng Man Chun Paul (<i>note 2</i>)	11 November 2016 to 15 November 2016	4,620	6
	15 November 2016 to 17 November 2016	3,003	4
Individual C (<i>note 3</i>)	4 January 2017 to 4 January 2017	5,251	1
	26 January 2017 to 3 February 2017	5,195	4
	15 March 2017 to 17 March 2017	4,660	4
Individual D (<i>note 3</i>)	17 March 2017 to 21 March 2017	5,337	4
Company A (<i>note 4</i>)	15 March 2017 to 17 March 2017	8,133	3

Notes:

1. Individual A is the mother of Mr. Ng Ting Ho, an executive Director, and Mr. Ng Ting Kit, a substantial shareholder of China Demeter Securities.

2. Mr. Ng Man Chun Paul was appointed as an executive Director on 15 November 2016. Given that Mr. Ng Man Chun Paul is a cousin of Mr. Ng Ting Ho, an executive Director, prior to Mr. Ng Man Chun Paul's appointment, he was also a deemed connected person of the Company.
3. Individual C and Individual D are the parents of Mr. Chan Chi Fung, a director of China Demeter Securities.
4. Company A is a wholly-owned company held by Mr. Yip Kai Pong ("Mr. Yip"), a former director of China Demeter Securities. Mr. Yip resigned a director of China Demeter Securities since 4 January 2017.

Each grant of the above margin finance facility was funded by the Group's internal resources. The amount of the facility granted depended on the investment amount of the Relevant Connected Persons in the Relevant Period.

INFORMATION ON THE GROUP

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) financial services and securities investment business; and (iv) food and beverage business.

REASONS FOR AND BENEFITS OF THE GRANT OF THE MARGIN FINANCE FACILITY

China Demeter Securities is a licensed corporation in Hong Kong to carry on businesses in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and the grant of margin finance facility to the customers of China Demeter Securities is in its ordinary course of business. The grant of the margin finance facility by China Demeter Securities to its customers will generate additional interest income to the Group. The margin finance facility granted by China Demeter Securities to the Relevant Connected Persons bore interest rates no more favourable to those granted to its other customers who are Independent Third Parties.

The Directors (including the independent non-executive Directors) consider that the grant of the margin finance facility to the Relevant Connected Persons is in the course of the Group's ordinary course of business. Having considered the financial background of the Relevant Connected Persons and that additional interest income to be received by the Group, the Directors (including the independent non-executive Directors) consider that the terms of such grant of margin finance facility are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

By virtue of the relationships between the Group and the relevant parties as set out in the sub-paragraph headed “Grant of margin finance facility – Details of margin finance facility” above, each of the counterparty is a connected person of the Company or an associate of a connected person of the Company. As such, each grant of the margin finance facility to the Relevant Connected Persons as disclosed in this announcement constituted a non-fully exempt connected transaction of the Company.

Given that the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of each grant of the margin finance by China Demeter Securities to the Relevant Connected Persons as disclosed in this announcement is less than 25% and the total value of the financial assistance plus any monetary advantage to the Relevant Connected Person is less than HK\$10,000,000, each such grant is exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules.

At the board meeting ratifying the connected transactions described in this announcement, Mr. Ng Ting Ho and Mr. Ng Man Chun Paul, each of whom had a material interest in the relevant transactions, had abstained from voting on the relevant board resolution.

The Company is in the course of preparing its annual report for the year ended 31 December 2016. During the preparation stage, the management noted that the Group had granted margin finance facility to the Relevant Connected Persons on various occasions during the Relevant Period. The Company regrettably admitted that it had breached Rule 20.33 of the GEM Listing Rules (to the extent applicable).

In order to prevent the occurrence of similar non-compliance incident in the future and to comply with the requirements under the GEM Listing Rules, the Company has taken or will take the following remedial actions:

- (1) the Company has immediately reviewed its current policy regarding grant of margin finance facility to connected persons to check whether it shall comply with any requirements under the GEM Listing Rules;
- (2) the Company has published this announcement to inform the Shareholders of the details of the connected transactions;
- (3) the Company will arrange for external advisers to provide training to all the Directors, directors of China Demeter Securities and senior management of the Group on connected transactions under the GEM Listing Rules; and

- (4) the Company will issue a memorandum to the directors and licensed responsible officers and representatives of China Demeter Securities, reiterating that:
- (a) the management of the Company will only grant any margin finance facility to any connected person of the Company or their respective associates after having evaluated the implications of the GEM Listing Rules and ensuring the Company will be able to comply with the applicable requirements under the GEM Listing Rules, and in case of any doubt, the Company will consult external legal advisers, financial advisers and/or the Stock Exchange; and
 - (b) the management of China Demeter Securities will prepare monthly summary on the margin finance facility granted during the period for review by the Board.

DEFINITIONS

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

“associate”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors of the Company
“China Demeter Securities”	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 on businesses in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Company”	China Demeter Financial Investments Limited 國農金融投資有限公司, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on GEM (stock code: 8120)
“connected person”	has the meaning ascribed to it in Chapter 20 of the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange

“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 Third Parties”	parties who are independent from the Company and the connected persons of the Company
“Relevant Connected Persons”	those connected persons referred to in the sub-paragraph headed “Grant of margin finance facility – Details of margin finance facility” in this announcement
“Relevant Period”	the period from 2 September 2016 to 21 March 2017
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 27 March 2017

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhou Jing, Mr. Ng Man Chun Paul, 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. R17.56A

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. R19.58(2)
R2.18

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