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: DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET

The Board announces that after trading hours on 17 July 2015, the Company and the Purchaser entered into the SP Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Company conditionally agreed to sell, the Sale Share at a Consideration of HK$2,000,000. The Sale Share represents the entire issued share capital of the Target.

The Target Group is principally engaged in provision of professional IT contract and maintenance services.

IMPLICATIONS UNDER THE GEM LISTING RULES

In view of the fact that the Purchaser, who as at the date of this announcement, is a director of Target PRC, the Purchaser is a connected person of the Company by virtue of his position as a director of a subsidiary of the Company under the GEM Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

As the Disposal is a connected transaction between the Group and a connected person at the subsidiary level of the Company on normal commercial terms, the Disposal is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under the GEM Listing Rules and is subject to reporting, announcement and shareholders' approval requirements of Chapter 19 of the GEM Listing Rules.

The SGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving the Disposal. A circular containing, among other things, details of the SP Agreement and the transactions contemplated thereunder and other information as required to be disclosed under the GEM Listing Rules, together with the notice of the SGM, will be despatched to the Shareholders on or before 21 August 2015 as the Company would require more time to prepare and finalise the circular.

The Board announces that after trading hours on 17 July 2015, the Company and the Purchaser entered into the SP Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Company conditionally agreed to sell, the Sale Share at a Consideration of HK$2,000,000. The principal terms of the SP Agreement are summarised as follows:

THE SP AGREEMENT

Date	:	17 July 2015.
Vendor	:	City Ally Holdings Limited 聯城控股有限公司, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.
Purchaser	:	An individual, who as at the date of this announcement, is a director of Target PRC, an indirect wholly-owned subsidiary of the Target. Accordingly, the Purchaser is a connected person of the Company by virtue of his position as a director of a subsidiary of the Company under the GEM Listing Rules.

Assets to be disposed of

The Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Share at a Consideration of HK$2,000,000. The Sale Share represents the entire issued share capital of the Target. Further particulars of the Target and the Target Group are set out in section headed "Information on the Target" below.

Consideration

The Consideration of HK$2,000,000 shall be payable by the Purchaser to the Vendor at Completion.

The Consideration of the Disposal was determined after arm's length negotiations between the parties to the SP Agreement on normal commercial terms with reference to unaudited net assets of the Target Group as at 31 May 2015 of approximately HK$2.6 million and the reasons as set out in the section headed "Reasons for and benefits of the Disposal" below.

Condition precedent

Completion is conditional upon fulfilment of the Vendor having obtained all necessary consents and approvals in connection with the Disposal (including but not limited to the Shareholders having approved the necessary resolution regarding the Disposal at a special general meeting of the Company).

If the condition precedent above cannot be fulfilled on or before the Long Stop Date, 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 within 14 business days after the Condition Precedent is fulfilled or such other date as the Purchaser and the Vendor shall agree in writing.

INFORMATION ON THE TARGET

The Target is an indirect wholly-owned subsidiary of the Company and is the holding company of the Target Group. The Target is a company incorporated in the British Virgin Islands with limited liability. The Target, through its wholly owned subsidiary Target HK, a company incorporated in Hong Kong with limited liability, is the owner of the entire registered capital of Target PRC.

The principal operating company of the Target Group is Target PRC. Target PRC is a limited liability company established in Beijing, PRC. The registered capital of Target PRC in the sum of US$1,000,000 is wholly-owned by Target HK as at the date of this announcement and has been fully paid up.

Each of the Target and Target HK is an investment holding company. Target PRC is principally engaged in provision of professional IT contract and maintenance services.

Set out below is a summary of certain unaudited financial information of the Target Group for the year ended 31 December 2013 and the year ended 31 December 2014:

	For the year ended 31 December 2013	**For the year ended 31 December 2014**
	HK$ approximately	*HK$ approximately*
Turnover	13,690,000	14,340,000
Net (loss) before taxation	(130,000)	(340,000)
Net (loss) after taxation	(130,000)	(340,000)

As at 31 May 2015, the unaudited total asset value and net asset value of the Target Group were approximately HK$9.5 million and HK$2.6 million respectively.

Upon Completion, the Group shall cease to have any interest in the Target Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. The Group is principally engaged in feedstock products and animal husbandry businesses; processing and sales of food products; money lending business; securities investment business; provision of IT services; and food and beverage business.

As disclosed in the announcement of the Company dated 17 January 2014, the Group announced the acquisition of the entire registered capital of Target PRC. At the time of such acquisition, it was intended that with the assistance from Target PRC, the Group would be able to explore and launch online sale and online marketing of the Group's agricultural products so as to diversify the sale and marketing channels of the Group and that such established online platform may also facilitate the Group's other future business development.

The Group has been actively re-evaluating its existing business operations. Taking into account the fact that Target Group's performance for the recent financial years was not satisfactory and that the original business plan of Target PRC did not materialise as the Group expected, the Directors consider that the Disposal represents an opportunity for the Group to realise its investment in the Target at a reasonable price.

In early 2015, the Group commenced in the new business of milk formula processing, production and related business, and the operation of a dairy manufacturing plant in Victoria, Australia. The Group is optimistic in this new milk powder business which is expected to diversify the Group's business and revenue sources into processing and distribution of milk formula products. The Directors believe and consider that, by focusing more resources to expand the relatively more promising milk powder business of the Group and disposing of the continuous lossmaking business(es) of the Group, the Group could rationalise its business direction and increase its profitability and market competitiveness.

The Directors expect to recognise an unaudited loss of approximately HK$600,000 from the Disposal, being the difference between the Consideration and unaudited net asset value of the Target Group as at 31 May 2015. Shareholders should note that the actual amount of gain/loss on the Disposal to be recorded by the Company will be subject to review by the auditors of the Company and depend on the net asset/liability value of the Target on the date of Completion. It is expected that the proceeds from the Disposal will be used for general working capital and/or future development of the Group.

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 (including the independent non-executive Directors) are of the view that the Disposal 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.

The Group will continue to seek business and investment opportunities with a view to providing growth potential of the Group and bringing higher returns to the Shareholders.

GEM LISTING RULES IMPLICATIONS

In view of the fact that the Purchaser, who as at the date of this announcement, is a director of Target PRC, the Purchaser is a connected person of the Company by virtue of his position as a director of a subsidiary of the Company under the GEM Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

As the Disposal is a connected transaction between the Group and a connected person at the subsidiary level of the Company on normal commercial terms, the Disposal is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules.

As no Director has any material interest in the SP Agreement and the transactions contemplated thereunder, no Director had abstained from voting in the resolutions of the Board to approve the SP Agreement and the transactions contemplated thereunder.

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under the GEM Listing Rules and is subject to reporting, announcement and shareholders' approval requirements of Chapter 19 of the GEM Listing Rules.

The SGM will be convened for the purpose of, among other matters, considering, and if thought fit, approving the Disposal. To the best knowledge of the Directors, no Shareholder has a material interest in the Disposal. Accordingly, no Shareholder will be required to abstain from voting at the SGM, in respect of the resolution relating to the Disposal.

A circular containing, among other things, details of the SP Agreement and the transactions contemplated thereunder and other information as required to be disclosed under the GEM Listing Rules, together with the notice of the SGM, will be despatched to the Shareholders on or before 21 August 2015 as the Company would require more time to prepare and finalise the circular.

DEFINITIONS

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

"Board"	the board of Directors
"Completion"	the completion of the Disposal
"connected person"	has the meaning ascribed to it in the GEM Listing Rules
"Consideration"	HK$2,000,000, the total consideration of the Disposal
"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

"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Share by the Vendor to the Purchaser pursuant to the SP Agreement
"GEM"	the Growth Enterprise Market of 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 Third Party"	a third party independent of the Company and the connected persons of the Company
"Long Stop Date"	4:00 p.m. on 31 October 2015 or such other time and date as the Vendor and the Purchaser shall agree in writing
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	He Huaguang
"Sale Share"	1 share of the Target, representing the entire issued share capital of the Target
"SGM"	a special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Disposal
"SP Agreement"	the agreement dated 17 July 2015 entered into between the Vendor and the Purchaser in relation to the Disposal
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target"	Sky Red International Limited, a company incorporated in the British Virgin Islands with limited liability
"Target Group"	collectively, the Target, Target HK and Target PRC
"Target HK"	Oasis Island Ventures Limited 興業創投有限公司, a company incorporated in Hong Kong with limited liability
"Target PRC"	易寶電腦系統(北京)有限公司 (in English, for identification purpose only, EPRO Computer Systems (Beijing) Company Limited), a limited liability company established in the PRC
"US$"	United States dollars, the lawful currency of the United States of America
"Vendor"	City Ally Holdings Limited 聯城控股有限公司, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

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

17 July 2015

As at the date of this announcement, the Board comprises two executive directors, namely, Mr. Zhou Jing and Mr. Lam Chun Kei; one non-executive director, namely Mr. Lin Chuen Chow Andy; 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 Growth Enterprise Market 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.