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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)

DISCLOSEABLE TRANSACTION: ACQUISITION OF 40% INTEREST IN THE TARGET

ACQUISITION

The Board is pleased to announce that after the trading hours on 4 January 2019, the Purchaser entered into the Sale and Purchase Agreement with the Vendor, an Independent Third Party, in respect of the Acquisition whereby the Purchaser has conditionally agreed to acquire from the Vendor the Sale Shares at the Consideration of HK\$6,800,000. The Sale Shares represent 40% of the entire issued shares of the Target.

The Target is an investment holding company whose principal asset is its investment in PRC Subsidiary, a wholly-foreign-owned enterprise established in the PRC principally engaged in the research and development of Chinese patented medicine products. It currently holds five patents for medical use.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest percentage ratio (as defined under the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the notification and announcement requirements pursuant to Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that after trading hours on 4 January 2019, the Purchaser and the Vendor entered into the Sale and Purchase Agreement in respect of the Acquisition. The principal terms of the Sale and Purchase Agreement are set out below.

THE SALE AND PURCHASE AGREEMENT

Date

4 January 2019

Parties

Purchaser : Amber Talent International Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company and principally engaged in investment holding.

Vendor : An individual. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is an Independent Third Party.

The Vendor holds the entire issued share capital of Target as at the date of the Sale and Purchase Agreement.

Assets to be acquired

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares free from all encumbrances together with all rights now or hereafter attaching thereto, including all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the Completion. The Sale Shares represent 40% of the entire issued shares of the Target.

Consideration

The Consideration for the Sale Shares payable by the Purchaser to the Vendor is HK\$6,800,000 and shall be settled by the Purchaser in cash on Completion.

The Consideration will be funded by the Group's internal resources.

The Consideration was determined by the Vendor and the Purchaser after arm's length negotiations on normal commercial terms with reference to the unaudited consolidated net assets of the Target Group as at 30 October 2018 of approximately HK\$17.6 million.

Conditions precedent

Completion shall be conditional upon the following conditions precedent:

- (1) (where applicable) all requisite consents, clearances, authorisations and approvals (or, as the case may be, the relevant waivers) in connection with the entering into and performance of the terms of the Sale and Purchase Agreement having been obtained by the Purchaser and the Company and remaining in full force and effect;
- (2) the Purchaser having carried out and completed the due diligence review of the Target Group (whether legal, accounting, financial, operational or other aspects that the Purchaser considers necessary) and being satisfied with the results of the due diligence review of the Target Group and its related business, assets, liabilities, activities, operations, financial position and prospects of the Target Group in all respects;
- (3) (where applicable) all requisite consents, clearances, authorisations and approvals (or, as the case may be, the relevant waivers) in connection with the entering into and performance of the terms of the Sale and Purchase Agreement having been obtained by the Vendor and remaining in full force and effect; and
- (4) the Purchaser being satisfied that the warranties provided by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all material respects and not misleading in any material respect up to Completion.

The Purchaser may waive the above conditions precedent set out in (1), (2) and (4) at any time before the Long Stop Date by notice in writing to the Vendor. Save as aforesaid, none of the conditions precedent is capable of being waived.

If the above conditions precedent shall not have been fulfilled (or waived) in full at or before 4:00 p.m. on the Long Stop Date (or such later date as the Vendor and the Purchaser may agree), all rights and obligations of the parties under the Sale and Purchase Agreement (save and except certain provisions, including confidentiality and announcements, notices and governing law) shall cease and terminate, and no party shall have any claim against the others save for claim (if any) in respect of such continuing provisions as specified under the Sale and Purchase Agreement or any antecedent breach thereof.

Completion

Completion shall take place on a day within 5 Business Days following the date of fulfilment (or waiver, as the case may be) of all the conditions precedent above (other than the conditions precedent which can only be fulfilled at Completion) (or such other date as the Purchaser and the Vendor shall agree in writing).

INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in the BVI with limited liability and an investment holding company. As the date of the Sale and Purchase Agreement, the Target holds 100% equity interests in the HK Subsidiary.

The HK Subsidiary is a company incorporated in Hong Kong with limited liability in 2009 and its wholly-owned subsidiary, the PRC Subsidiary, is a limited liability company established in Beijing, the PRC in 2010 and principally engaged in the research and development of Chinese patented medicine products. The PRC Subsidiary is currently the holder of five patents for medical use. A summary of such five patents are as follows:

Patented Medicine Products	Medical Use
(a) 加味藿香正氣滴丸製劑及其製備方法 (unofficial English translation being Jia Wei Huo Xiang Zheng Qi Di Wan Pharmaceutical Preparation and Formulation)	transformation of certain Chinese medicine in liquid form into capsule form
(b) 複方甘草包衣片劑 (unofficial English translation being Compound Glycyrrhiza Coated Tablet)	treatment for coughing and phlegm related to respiratory tract infections
(c) 治療泌尿系統等疾病的三金藥物製劑及其製備方法 (unofficial English translation being Sanjin Pharmaceutical Preparation and Formulation for Treatment of Urological Diseases)	treatment for acute and chronic nephritis and chronic urological diseases
(d) 百蕊藥物製劑的檢測方法 (unofficial English translation being Screening Method for Thesium Pharmaceutical Preparation)	treatment for acute and chronic pharyngitis, bronchitis, rhinitis, cold and fever, pneumonia
(e) 治療上呼吸道感染等疾病藥物製劑的檢測方法 (unofficial English translation being Screening Method for Upper Respiratory Tract Infections Pharmaceutical Preparation)	treatment for acute and chronic upper respiratory tract infections and allergic rhinitis

Set out below is certain unaudited consolidated financial information of the Target Group for the two years ended 31 December 2017:

	For the year ended 31 December 2016 <i>HK\$'000</i>	For the year ended 31 December 2017 <i>HK\$'000</i>
Turnover	6,778	8,170
Net profit before taxation	1,841	4,466
Net profit after taxation	1,841	4,466

The unaudited consolidated total assets value and net assets of the Target Group as at 30 October 2018 were approximately HK\$17.8 million and HK\$17.6 million respectively.

Immediately after Completion, the Purchaser will own 40% equity interest in the Target Group, and members of the Target Group will become associated companies of the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE SALE AND PURCHASE AGREEMENT

The Group is principally engaged in (i) feedstock products businesses; (ii) money lending business; (iii) financial services business; (iv) securities investment business; (v) food and beverage business; (vi) alcoholic beverage distribution business; and (vii) provision of children education services.

The Group is exploring possible strategies to diversify its business mix in order to maximise the return to the shareholders of the Company. Taking into account of the prospects of the Target and the Chinese patented medicine products industry as a whole, the Directors are of the view that the Acquisition provides a prime opportunity for the Group to invest in the Target, which will possibly allow the Group to broaden its source of income.

The terms of the Sale and Purchase 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 Acquisition is in the interests of the Company and the Shareholders as a whole and that the terms of the Sale and Purchase Agreement are fair and reasonable.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest percentage ratio (as defined under the GEM Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the notification and announcement requirements pursuant to Chapter 19 of the GEM Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	means a day (excluding Saturday, Sunday and public holidays) on which licensed banks in Hong Kong are open for business
“BVI”	the British Virgin Islands
“Company”	China Demeter Financial Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on GEM
“Completion”	the completion of the Acquisition pursuant to the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration for the Acquisition, being HK\$6,800,000
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“HK Subsidiary”	a limited liability company established in the Hong Kong, being a wholly-owned subsidiary of the Target
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of the Company and the connected persons of the Company
“Long Stop Date”	3 April 2019 (or such later date as the Vendor and the Purchaser may 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 People’s Republic of China and Taiwan
“PRC Subsidiary”	a limited liability company established in the PRC, being a wholly-owned subsidiary of the HK Subsidiary
“Sale and Purchase Agreement”	the agreement dated 4 January 2019 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Sale Shares”	40 ordinary shares of US\$1.00 each in the share capital of the Target, representing 40% of the entire issued shares of the Target
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target”	Champ Express Holdings Limited, a company incorporated in the BVI with limited liability
“Target Group”	the group of companies consisting of the Target, the HK Subsidiary and the PRC Subsidiary
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	an individual which to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is an Independent Third Party

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

4 January 2019

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Ng Man Chun Paul, Mr. Lam Chun Kei and Mr. Ng Ting Ho; one non-executive director, namely Mr. Zhou Jing; and three independent non-executive Directors, namely Mr. Chan Hin Hang, Mr. Yum Edward Liang Hsien 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 at least seven days after the date of publication and on the Company’s website at www.chinademeter.com.