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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 – EXTENSION OF LEASE AGREEMENT OF A RESTAURNANT

The Board announces that on 25 April 2022, the Tenant, an indirect wholly-owned subsidiary of the Company, entered into the Addendum with the Landlord Agent in respect of the Extension of the Tenancy of the Premises for a term of two years commencing on 1 May 2022 and ending on 30 April 2024 (both days inclusive) for operation of one of the Group's restaurants.

Given the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Extension of the Tenancy is more than 5% but less than 25%, the Extension of the Tenancy constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements of Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board announces that on 25 April 2022, the Tenant, an indirect wholly-owned subsidiary of the Company, entered into the Addendum with the Landlord Agent in respect of the Extension of the Tenancy of the Premises for a term of two years commencing on 1 May 2022 and ending on 30 April 2024 (both days inclusive) for operation of one of the Group's restaurants. The Premises have been used for the Restaurant under the Group's food and beverage business.

THE EXTENSION OF THE TENANCY

Details of the principal terms of the Extension of the Tenancy are set out below:

- Date of Addendum : 25 April 2022
- Parties : (1) The Landlord Agent (as agent for the Landlord)
(2) The Tenant
- Premises : Shop No. 288, Level 2, Plaza Hollywood, Diamond Hill, Kowloon
- Use : For operation of the Restaurant.
- Term : Commencing on 1 May 2022 and ending on 30 April 2024 (both days inclusive).
- Total aggregated value of consideration payment : Approximately HK\$6.4 million in aggregate (exclusive of management charge, air-conditioning charge, rates and promotion charge) during the term, subject to additional turnover rent being an amount by which 13.5% of monthly gross receipts of the business at the Premises during the term exceeds the monthly minimal rental.
- The Tenant is responsible for management charge, air-conditioning charge, rates and promotion charge during the term.
- The rent was determined after arm's length negotiations between the Landlord and the Tenant, taking into consideration of the prevailing market price of comparable premises in the vicinity of the Premises.
- Rental deposit : A rental deposit of approximately HK\$943,022.22, in which the Tenant shall pay the sum of HK\$25,030.02 being the balance of the deposit under the Tenancy Agreement in respect of the Extension of the Tenancy.

Other terms : Under the Addendum, the Tenant shall carry out and complete a renovation and redecoration programme (“**Renovation Works**”) in the Premises on or before 31 January 2023 in accordance with the terms of the Addendum and a 10 day rent-free period from the date of commencement of the Renovation Works will be granted to the Tenant. If the Tenant fails to complete the Renovation Works by the above deadline, the aforementioned rent-free period shall be revoked and the rent for the said period shall be payable. If the Tenant fails to comply with its obligations to the satisfaction of the Landlord, the Landlord shall be entitled to determine the tenancy.

The payment of the rent will be funded by the internal resources of the Group.

RIGHT-OF-USE ASSETS

The value of the right-of-use assets recognized by the Company under the Extension of the Tenancy is amounted to approximately HK\$6.0 million, calculated with reference to the present value of the aggregated lease payments to be made under the Extension of the Tenancy in accordance with HKFRS 16 *Leases*.

Since the turnover rent under the Extension of the Tenancy can only be reliably estimated according to the monthly gross receipts generated from the operation of the Restaurant, such amount constitutes variable lease payments and were not included in the measurement of the lease liability at initial recognition under HKFRS 16 *Leases*. Therefore, no right-of-use asset related to the turnover rent is recognised, and the turnover rent will be charged to the profit or loss of the Group in accordance with HKFRS 16 *Leases*.

INFORMATION OF THE PARTIES

The Company and the Tenant

The Company is an investment holding company. The Group principally engages in (i) money lending business; (ii) financial services business; (iii) securities investment business; (iv) food and beverage business; (v) alcoholic beverage distribution and miscellaneous business; and (vi) provision of children education services.

The Tenant is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company principally engaged in investment holding.

The Landlord and the Landlord Agent

Each of the Landlord and the Landlord Agent is a company incorporated in Hong Kong with limited liability.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires and public available information, (a) the Landlord and the Landlord Agent are principally engaged in property investment and leasing services respectively and each of which is a wholly-owned subsidiary of Wharf Real Estate Investment Company Limited (stock code: 1997), a company whose shares are listed on the Main Board of the Stock Exchange; and (b) each of the Landlord, the Landlord Agent and their ultimate beneficial owner(s) is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE EXTENSION OF THE TENANCY

Food and beverage business is one of the Group's principal business segment. The Group has been operating the Restaurant at the Premises and the existing Tenancy Agreement of the Premises is to expire on 30 April 2022. The management of the Group believes that the continuation of operating of the Restaurant at the Premises, located in a good consumer traffic shopping mall in a residential area, is in line with the business strategy of the Group's food and beverage business segment, and the Extension of the Tenancy would save the Group from relocation expenses. The terms of the Extension of the Tenancy were determined after arm's length negotiations between the parties and with reference to the prevailing market price of comparable premises in the vicinity of the Premises.

In light of the above, the Board considers that the terms of the Extension of the Tenancy are on normal commercial terms and fair and reasonable and the Extension of the Tenancy is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

Given the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Extension of the Tenancy is more than 5% but less than 25%, the Extension of the Tenancy constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to reporting and announcement requirements of Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Addendum”	the addendum to the Tenancy Agreement signed by the Landlord Agent and the Tenant dated 25 April 2022 in relation to the Extension of the Tenancy
“Board”	the board of Directors of the Company
“Company”	China Demeter Financial 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
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Extension of the Tenancy”	the extension of the lease of the Premises under the Tenancy Agreement pursuant to the terms of the Addendum
“GEM”	GEM 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
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“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
“Landlord”	Plaza Hollywood Limited, Mullen Company Limited, Wattersley Company Limited, Bright Smart Limited and Excellent Base Limited
“Landlord Agent”	Harriman Leasing Limited

“Premises”	Shop No. 288, Level 2, Plaza Hollywood, Diamond Hill, Kowloon
“Restaurant”	the restaurant of the Group at the Premises under the brand “HOKO Farm”
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 8 July 2020 entered into by the Landlord Agent and the Tenant in respect of the lease of the Premises
“Tenant”	Forever Based Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

On behalf of the Board
China Demeter Financial Investments Limited
Ng Man Chun Paul
Chairman

Hong Kong, 25 April 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Ting Ho and Mr. Chan Chi Fung; one non-executive Director, namely Mr. Ng Man Chun Paul; 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.