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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 – LEASE OF A NEW RESTAURANT

The Board announces that on 24 November 2022, the Tenant, an indirect wholly-owned subsidiary of the Company, received notification from the Landlord Agent that it had accepted and entered into the Offer Letter with the Tenant in respect of the Lease of the Premises for a term of three years commencing tentatively on 16 November 2022 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 Lease is more than 5% but less than 25%, the Lease 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 24 November 2022, the Tenant, an indirect wholly-owned subsidiary of the Company, received notification from the Landlord Agent that it had accepted and entered into the Offer Letter with the Tenant in respect of the Lease of the Premises for a term of three years commencing tentatively on 16 November 2022 for operation of one of the Group's restaurants.

THE LEASE

Details of the principal terms of the Lease are set out below:

Date of acceptance of the Offer Letter by the Landlord Agent:	18 November 2022
Parties:	(1) The Landlord Agent (as agent for the Landlord) (2) The Tenant
Premises:	Shop Nos. L2-K01A & L2-039 on Level 2 of the Commercial Development of Metro Town, Tseung Kwan O Town Lot No. 73, Sai Kung, New Territories.
Use:	For operation of the Restaurant.
Term:	Three years commencing tentatively on 16 November 2022 or such other date to be confirmed by the Landlord subject to vacant possession and certain formalities, with an option to renew for a further term of three years.
Rent-free period:	82 days from the commencement date of the term.
Total aggregated value of consideration payment:	Approximately HK\$7,164,000 in aggregate (exclusive of management fees, air conditioning charges, government rates, government rent and other charges) during the term, subject to additional turnover rent being an amount by which 11% of monthly gross receipts of the business at the Premises during the term exceeds the monthly basic rent.

The Tenant is responsible for management fees, air conditioning charges, government rates, government rent, and other charges 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.

Option to renew:	The Lease has provided for an option to renew for a further term of three years at open market rent but in no case shall be less than HK\$215,000 per month and more than HK\$247,250 per month.
Security deposit:	A security deposit of approximately HK\$1,102,000, equivalent to four months' rent, management fees, air conditioning charges, government rates and government rent.

The payments under the Lease will be funded by the internal resources of the Group.

RIGHT-OF-USE ASSETS

The value of the right-of-use assets recognised by the Company under the Lease is amounted to approximately HK\$6.50 million, calculated with reference to the present value of the aggregated lease payments to be made under the Lease in accordance with HKFRS 16 *Leases*.

Since the turnover rent under the Lease can only be reliably estimated according to the monthly gross turnover 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

To the best of the Directors' knowledge, information and belief having made all reasonable enquires and public available information, (a) each of the Landlord and the Landlord Agent is principally engaged in property investment and property management and marketing services respectively; (b) the Landlord is a subsidiary of Fortune Real Estate Investment Trust (Stock code: 778), a company whose shares are listed on the Main Board of the Stock Exchange, and the Landlord Agent is a subsidiary of CK Asset Holdings Limited (Stock code: 1113), a company whose shares are listed on the Main Board of the Stock Exchange; and (c) each of the Landlord, the Landlord Agent and their ultimate beneficial owner(s) is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE LEASE

Food and beverage business is one of the Group's principal business segments. The management of the Group believes that establishing restaurants in different shopping malls near residential regions in Hong Kong would allow the Group to enhance market penetration of its restaurants, and that securing a good restaurant location in a good consumer traffic shopping mall where the Premises is located in is in line with the business strategy of the Group's food and beverage business segment. The terms of the Lease 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 Lease are on normal commercial terms and fair and reasonable and the Lease 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 Lease is more than 5% but less than 25%, the Lease 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:

“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
“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”	Mega Gain Resources Limited, a company incorporated in Hong Kong with limited liability
“Landlord Agent”	Goodwell-Fortune Property Services Limited, a company incorporated in Hong Kong with limited liability
“Lease”	the lease of the Premises by the Tenant by acceptance of signing of the Offer Letter
“Offer Letter”	the offer letter signed by the Landlord Agent and the Tenant dated 18 November 2022 stipulating the principal terms of the Lease

“Premises”	Shop Nos. L2-K01A & L2-039 on Level 2 of the Commercial Development of Metro Town, Tseung Kwan O Town Lot No. 73, Sai Kung, New Territories
“Restaurant”	a restaurant of the Group under the brand “Wagyu More 牛摩”
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Cheerful Mark 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 November 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 Listed Company Information” page of the Stock Exchange’s website (www.hkexnews.hk) for a minimum period of seven days from the date of publication and on the Company’s website (www.chinademeter.com).