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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 RESTAURANT

The Board announces that on 12 April 2023, the Tenant, an indirect wholly-owned subsidiary of the Company, entered into the Offer Letter with the Landlord Agent in respect of the Lease of the Premises for a term of three years commencing on 20 May 2023 and ending on 19 May 2026 (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 value of the right-of-use assets recognised under 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 12 April 2023, the Tenant, an indirect wholly-owned subsidiary of the Company, entered into the Offer Letter with the Landlord Agent in respect of the Lease of the Premises for a term of three years commencing on 20 May 2023 and ending on 19 May 2026 (both days inclusive) 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 Offer Letter : 12 April 2023

Parties : (1) The Landlord Agent (as agent for the Landlords)
(2) The Tenant

- Premises : All that Shop No. 21, Level 3, South Wing of the commercial development known as Trend Plaza, TMTL 282, Tuen Mun, New Territories, Hong Kong
- Use : For operation of the Restaurant.
- Term : 20 May 2023 and ending on 19 May 2026 (both days inclusive).
- Rent-free period : 30 days from 20 May 2023 to 18 June 2023 (both days inclusive).
- Total aggregated value of consideration payment : Approximately HK\$14.2 million in aggregate (exclusive of services charges, government rates and promotion levy) during the term, subject to additional turnover rent being an amount by which 13% of monthly gross turnover of the business at the Premises during the term exceeds the monthly basic rent.
- The Tenant is responsible for services charges, government rates and promotion levy during the term.
- The rent was determined after arm's length negotiations between the Landlords and the Tenant, taking into consideration the prevailing market price of comparable premises in the vicinity of the Premises.
- Rental deposit : A rental deposit of approximately HK\$1.4 million, equivalent to three months' monthly basic rent and three months' service charges.

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 recognised by the Company under the Lease is amounted to approximately HK\$13.0 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 Landlords and the Landlord Agent

Each of the Landlords 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 Landlords are principally engaged in property investment and the Landlord Agent is principally engaged in management and agency services; (b) each of the Landlords and the Landlord Agent is a wholly-owned subsidiary of Henderson Land Development Company Limited (stock code: 12), a company whose shares are listed on the Main Board of the Stock Exchange; and (c) each of the Landlords, 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 Group has been operating the Restaurant at the Premises, and the management of the Group believes 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 value of the right-of-use assets recognised under 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. The turnover rent which is linked to the revenue of the Restaurant will be expenses incurred by the Group in its ordinary and usual course of business. They are revenue in nature and are not subject to 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
“Landlords”	Dekker Investment Limited, Dillinger Investment Limited, Easeluck Development Limited and Jekyll Investment Limited, each a company incorporated in Hong Kong with limited liability

“Landlord Agent”	Henderson Leasing Agency Limited, a company incorporated in Hong Kong with limited liability
“Lease”	the lease of the Premises by the Tenant pursuant to the terms of the Offer Letter
“Offer Letter”	the offer to lease letter signed by the Landlord Agent and the Tenant dated 12 April 2023 stipulating the principal terms of the Lease
“Premises”	all that Shop No. 21, Level 3, South Wing of the commercial development known as Trend Plaza, TMTL 282, Tuen Mun, New Territories, Hong Kong
“Restaurant”	the restaurant of the Group at the Premises 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”	Star Kitchen Group 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, 12 April 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Ng Man Chun Paul, Mr. Ng Ting Ho and Mr. Chan Chi Fung, 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).