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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 – NEW LEASE IN RESPECT OF A NEW RESTAURANT**

The Board announces that on 14 April 2021, the Tenant, an indirect wholly-owned subsidiary of the Company, accepted and entered into the Offer Letter with the Landlord Agent (as agent for the Landlord) in respect of the New Lease of the Premises for a term of three years commencing on 8 August 2021 and ending on 7 August 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 New Lease is more than 5% but less than 25%, the New 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.

### **INTRODUCTION**

The Board announces that on 14 April 2021, the Tenant, an indirect wholly-owned subsidiary of the Company, accepted and entered into the Offer Letter with the Landlord Agent (as agent for the Landlord) in respect of the New Lease of the Premises for a term of three years commencing on 8 August 2021 and ending on 7 August 2024 (both days inclusive) for operation of one of the Group's restaurants.

## THE NEW LEASE

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

- Date of Offer Letter : 19 February 2021 (accepted and entered into by the Tenant on 14 April 2021)
- Parties : (1) the Landlord Agent (as agent for the Landlord)  
(2) the Tenant
- Premises : Shop No. 513 on Level 5 of Landmark North, No. 39 Lung Sum Avenue, Shek Wu Hui, Sheung Shui, New Territories
- The approximate lettable area of the Premises is 2,045 sq. ft.
- Use : For operation of the Restaurant.
- Term : 8 August 2021 to 7 August 2024 (both days inclusive), with the Tenant's option to renew for a further term of three years subject to the terms of the New Lease.
- Rent-free period : The Tenant is entitled to a rent-free period of the first 2 months of the term.
- Earlier possession period : The Tenant is allowed to enter into earlier possession of the Premises for a period of two months from 8 June 2021 to 7 August 2021 (both days inclusive).
- Total aggregated value of consideration payment : HK\$4,343,580 in aggregate (exclusive of service and management charges, rates and promotion levy) during the term, subject to additional turnover rent being an amount by which 11% (not applicable in the earlier possession period and rent-free period) of the gross receipts of the business at the Premises during and for the rental payable month exceeds the monthly basic rent.

The Tenant is responsible for service and management charges, rates and promotion levy 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 HK\$516,567, equivalent to the aggregated monthly rent and the service and management charges for three months, is payable to the Landlord upon the signing of the Offer Letter.

The payment of the rent and the rental deposit 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 New Lease is amounted to approximately HK\$3.9 million, calculated with reference to the present value of the aggregated lease payments to be made under the New Lease in accordance with HKFRS 16 *Leases*.

Since the turnover rent under the New Lease can only be reliably estimated according to the gross sales 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 and right-of-use assets 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 recognised as an expense and 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 real estate and general agencies respectively and are wholly-owned subsidiaries of Sun Hung Kai Properties Limited (stock code: 16), 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 and not a Shareholder.

## **REASONS FOR AND BENEFITS OF THE NEW LEASE**

The dining market is highly competitive and fragmented in Hong Kong and the Group's overall marketing strategy in its food and beverage business is to maintain customer loyalty and increase the market share by developing new cuisines and new elements. The Group believes that a multi-brand strategy is crucial to the success of the food and beverage business in that it is imperative to continue to expand by opening new restaurants under existing brands and developing new brands to launch new restaurants to offer different types of cuisines to its customers. The management of the Group believes that the opening of the Restaurant at the Premises, which is located in a good consumer traffic shopping mall in residential area is in line with the business strategy of the Group's food and beverage business segment. The terms of the New 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 New Lease are on normal commercial terms and fair and reasonable and the entering into of the New 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 New Lease is more than 5% but less than 25%, the New 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(s)”	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”	SHK Sheung Shui Landmark Investment Limited, a company incorporated in Hong Kong with limited liability
“Landlord Agent”	Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, a company incorporated in Hong Kong with limited liability
“New Lease”	the lease of the Premises by the Tenant by acceptance of signing of the Offer Letter

“Offer Letter”	the offer letter dated 19 February 2021, signed by the Landlord Agent and accepted and entered into by the Tenant on 14 April 2021, stipulated the principal terms of the New Lease
“Premises”	Shop No. 513 on Level 5 of Landmark North, No. 39 Lung Sum Avenue, Shek Wu Hui, Sheung Shui, New Territories
“Restaurant”	the restaurant to be operated by 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”	Global Promise 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, 14 April 2021

*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. Lam Chun Kei; 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.*

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