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## **CBK Holdings Limited**

**國茂控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8428)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF 51% EQUITY INTEREST IN THE TARGET COMPANY**

#### **THE ACQUISITION**

The Board is pleased to announce that on 23 December 2020 (after trading hours of the Stock Exchange), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreement pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Target Shares for a consideration of HK\$10,000,000, which shall be satisfied by way of cash payment. Details of the Equity Transfer Agreement are set out in this announcement below.

#### **LISTING RULES IMPLICATION**

As the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the Acquisition exceeds 5% but are below 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

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## **EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out as follows:

### **Date**

23 December 2020

### **Parties**

- (i) The Purchaser: Smart Sino Enterprises Limited, a direct wholly-owned subsidiary of the Company
- (ii) The Vendor: Liang YuLin

As at the date of this announcement, the Target Company is owned as to 100% by the Vendor. To the best of the Director's knowledge, information and belief, and after having made all reasonable enquiries, the Vendor is an Independent Third Party.

### **Subject matter**

The Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Target Shares, being 51% equity interest in the Target Company representing RMB5,100,000 of its registered capital, at a total consideration of HK\$10,000,000 subject to the fulfilment of the conditions precedent and the relevant terms and conditions set out in the Equity Transfer Agreement.

Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

### **Consideration**

The consideration of HK\$10,000,000 was determined after arm's length negotiation between the Vendor and the Purchaser based on the value of the Target Company of approximately HK\$32.8 million.

The value of the Target Company of approximately HK\$32.8 million is agreed by the valuation conducted by Access Partner Consultancy & Appraisals Limited, an independent valuer (the "**Valuer**") engaged by the Group. The value of the Target Company as assessed by the Valuer as at 30 November 2020 was approximately HK\$32.8 million. The Valuer has adopted the market approach for the valuation. Under the market approach the Guideline Public Company Method is adopted. The value of the Target Company was determined by price-to-earnings multiples of the comparable companies, after taking into consideration discounts for lack of marketability and control premium.

### **Profit Guarantee**

The Vendor undertakes to the Purchaser that the audited net profit (after deduction of extraordinary items) of the Target Company for the year ending 31 December 2020 will be no less than RMB4,000,000 (the "**Guaranteed Profit**").

The result of profit guarantee shall be verified on 31 March 2021 or upon the issuance of auditors' report for the year ending 31 December 2020 of the Target Company, whichever is earlier. If the Target Company fails to achieve the Guaranteed Profit, the Vendor shall compensate the Purchaser for the value of: (Guaranteed Profit — the actual net profit of the Target Company for the year ending 31 December 2020) x 2 (the “**Profit Compensation**”).

### **Payment**

Upon the signing of the Equity Transfer Agreement, the Purchaser shall transfer HK\$1,000,000, representing 10% of the Consideration, to the Vendor as the first instalment (the “**First Instalment**”).

The Purchaser shall complete the due diligence on the Target Company within 20 Business Days after the signing of the Equity Transfer Agreement. If the result of the due diligence is satisfied, the Purchaser shall transfer HK\$4,000,000, representing 40% of the Consideration, to the Vendor as the second instalment. If the result of the due diligence is not satisfied, the Vendor will refund the First Instalment to the Purchaser and the Acquisition will not be proceeded.

After the verification of the Guaranteed Profit, the Purchaser shall transfer the amount of HK\$5,000,000, representing 50% of the Consideration, minus the Profit Compensation (if any) to the Vendor as the final payment.

### **Completion**

If the due diligence on the Target Company conducted by the Purchaser is satisfied, the Vendor and the Purchaser shall proceed to the registration of the transfer of 51% equity interest in the Target Company by the Vendor to the Purchaser at the relevant regulatory authorities. The date of Completion shall be the date on which such registration is completed.

## **INFORMATION OF THE PARTIES**

### **The Group**

The Group is principally engaged in operating a hotpot specialty restaurant chain serving hotpot dining in Hong Kong.

### **The Vendor**

The Vendor is sole shareholder of the Target Company. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendor is an Independent Third Party.

### **The Target Company**

漳州金田食品有限公司 (Zhangzhou Jintian Food Co., Limited\*), a company established under the laws of the PRC with limited liability on 20 August 2018. The Target Company is principally engaged in frozen aquatic products processing, surimi and aquatic product dry and preserved processing and sales and trading of aquatic products.

The book value of the Target Company as at 30 November 2020 was approximately RMB 3,077,724 based on the unaudited management accounts of the Target Company.

Set out below is the unaudited consolidated financial information of the Target Group for the years ended 31 December 2018 and 2019 based on the unaudited management accounts of the Target Group:

	<b>For the period from its incorporation (i.e. 20 August 2018) to 31 December 2018 RMB'000 (unaudited)</b>	<b>For the year ended 31 December 2019 RMB'000 (unaudited)</b>
Revenue	—	—
Profit/(Loss) before taxation	—	—
Profit/(Loss) after taxation	—	—

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) the Target Company is a company established under the laws of the PRC with limited liability and is engaged in frozen aquatic products processing, surimi and aquatic product dry and preserved processing and sales and trading of frozen aquatic products; and (ii) the Target Company and its ultimate beneficial owner are Independent Third Parties as at the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in operating a hotpot specialty restaurant chain serving hotpot dining in Hong Kong.

As stated in the annual report of the Company for the year ended 31 March 2020, the economy and food and beverage market in Hong Kong has been affected by the weakened consumption sentiment under the social unrest in Hong Kong since June 2019. In January 2020, the outbreak of COVID-19 further affected the business of the restaurants. Since the Group cannot estimate the impact of the outbreak of COVID-19 on the weak market condition and how long it will last, the Group decided to close the restaurants located at Jordan, Tuen Mun and Tsim Sha Tsui. Moreover, the catering business in Hong Kong was greatly affected under the outbreak of epidemic since people traffic decreased under the social distancing measures implemented by the government of Hong Kong and the Group further closed the restaurant located at Tai Po in November 2020.

Despite facing a difficult and challenging operating environment, the Directors have been proactively seeking appropriate investment opportunities to enhance the long-term growth of the Group and the return to the Shareholders and the Group continues to explore other appropriate development opportunity to maximize shareholders' returns, including but not limited to expand the operations and develop business in the PRC. The Target Company is principally engaged in frozen aquatic products processing, surimi and aquatic product dry

and preserved processing and sales and trading of frozen aquatic products. The Acquisition would broaden the Group's source of income and diversify its business portfolio, including but not limited to the services and products types and the different geographical location.

Taking into account the above factors, the Directors consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS OF THE GEM LISTING RULES**

As the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the Acquisition exceeds 5% but are below 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	acquisition of the Target Shares;
“Board”	the board of Directors;
“Company”	CBK Holdings Limited (國茂控股有限公司), an exempted company incorporated in the Cayman Islands, the shares of which are listed on GEM (Stock Code: 8428);
“Completion”	completion of the Acquisition pursuant to the Equity Transfer Agreement;
“Consideration”	the consideration of HK\$10,000,000 payable by the Purchaser to the Vendor for the Acquisition pursuant to the Equity Transfer Agreement;
“Director(s)”	the director(s) of the Company;
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Purchaser and the Vendors in relation to the Acquisition;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time;
“Group”	collectively, the Company and its subsidiaries from time to time;
“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 Parties”	third party or parties who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are independent of the Company and its connected persons (as defined in the GEM Listing Rules);
“Purchaser”	Smart Sino Enterprises Limited, a direct wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Target Company”	漳州金田食品有限公司 (Zhangzhou Jintian Food Co., Limited*), a company established under the laws of the PRC with limited liability on 20 August 2018;
“Target Shares”	51% of its total equity interest in the Target Company, representing an aggregate registered capital of RMB5,100,000 as at the date of this announcement;
“Vendor”	Liang YuLin, an independent third party;
“%”	per cent.

For and on behalf of the Board  
**CBK Holdings Limited**  
**CHOW Yik**  
*Chairman and Executive Director*

Hong Kong, 23 December 2020

*As at the date of this announcement, the chairman and the executive director of the Company is Mr. CHOW Yik, the executive director of the Company are Mr. CHAN Lap Ping and Mr. TSUI Wing Tak; and the independent non-executive directors of the Company are Mr. CHAN Hoi Kuen Matthew, Mr. CHUNG Wing Yin, Mr. LAW Yui Lun, Mr. LU Jun Bo and Ms. WONG Syndia D.*

*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 GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at [www.cbk.com.hk](http://www.cbk.com.hk).*

*In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.*

*\* For identification purposes only*