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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  
IN RELATION TO THE LEASE OF CENTRAL SITE  
AND  
CHANGE IN USE OF NET PROCEEDS FROM RIGHTS ISSUE**

**THE LEASE OF CENTRAL SITE**

The Board announces that the Tenancy Agreement dated 5 November 2021 was signed between Success Reach Holding Limited (an indirectly non-wholly-owned subsidiary of the Group) as tenant and Eton Properties Agency Company Limited as the agent of the landlord (an Independent Third Party) in respect of the Lease of the Central Site for a term of three years commencing from 8 November 2021 to 7 November 2024 (both days inclusive) with an option to renew for a further three years.

**LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16 Leases, the Company if entering into lease transaction as lessee will recognise a right-of-use asset in its consolidated financial statements. Such transaction will be regarded as acquisition of capital asset for the purpose of the GEM Listing Rules. As one or more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Lease based on the value of the right-of-use asset recognised by the Group is more than 5% but all of which are below 25%, the Lease constitutes a discloseable transaction of the Company, and is therefore subject to notification and announcement requirements but exempt from Shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

## THE LEASE OF CENTRAL SITE

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

|                              |  |
|------------------------------|--|
| <b>Date:</b>                 | 5 November 2021  |
| <b>Parties:</b>              | (1) Eton Properties Agency Company Limited, as the agent of the landlord, an Independent Third Party; and<br><br>(2) Success Reach Holding Limited, an indirectly non-wholly owned subsidiary of the Company, as tenant  |
| <b>Premises:</b>             | The whole of the First Floor of Conwell House, Nos. 34, 36 and 38 Stanley Street, Hong Kong  |
| <b>Term:</b>                 | Three years commencing from 8 November 2021 and expiring on 7 November 2024 (both days inclusive) with an option to renew for a further three years  |
| <b>Rent-free period:</b>     | 8 November 2021 to 7 February 2022(both days inclusive)  |
| <b>Total amount payable:</b> | The aggregate amount payable under the Lease is approximately HK\$3.96 million (exclusive of airconditioning charges, management fee, government rates).<br><br>The rent is determined after arm's length negotiations between Eton Properties and Success Reach after taking into consideration the prevailing market price of comparable premises in the vicinity of the Central Site. |

## THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Group under the Lease amounted to approximately HK\$4.13 million, which is calculated with reference to the present value of the aggregated lease payments, plus estimated reinstatement costs, and discounted by a discount rate of 5.32% to be made under the Lease of the Central Site in accordance with HKFRS 16 Leases.

## **CHANGE IN USE OF NET PROCEEDS FROM RIGHTS ISSUE AND REASON FOR THE BENEFITS OF ENTERING THE LEASE OF THE CENTRAL SITE**

The Group is principally engaged in the provision of catering services in Hong Kong. In view of the outbreak of novel coronavirus disease (“**COVID-19**”) pandemic (the “**Pandemic**”) since January 2020, the food and beverage industry in Hong Kong has been seriously affected and since February 2021, the Hong Kong government has gradually relaxed the restrictions on operation of restaurants in Hong Kong, including (i) maximum number of people allowed to be seated together at one table at catering business premises was increased from two or four; (ii) dine-in services restaurant was extended to 10:00 p.m.; and (iii) the launch of the “vaccine bubbles” for restaurants which further relaxed dining restrictions based upon the number of staff that have been vaccinated and intermittency of testing. Hong Kong government also launched the COVID-19 vaccination program. As such, the Directors consider it is prudent and competitive to resume and expand the Group’s food and beverage business.

As disclosed in the Prospectus of the Company dated 6 August 2021, the Group has planned to use HK\$30.91 million of the net proceeds from the Rights Issue (the “**RI Net Proceeds**”) to expand its food and beverage business of fund raised and the Board has resolved to change the use of RI Net Proceeds as follows:

In September 2021, the Company was acquainted with a Japanese food operator and proposed a cooperation with the Company on operating a modern Japanese izakaya on the Central Site (the “**Central Restaurant**”). After a series of evaluation and assessments on the Food Court and the Central Restaurant with respect to (i) the guest traffic (which it is believed that the Central Restaurant which located in central district of the Central would have relatively higher guest traffic); (ii) flexibility on opening hours (under which there is more restriction on opening hours on operating the Food Court in the shopping mall); and (iii) the rent affordability (under which there is no turnover rent as compared with operating the Food Court in the shopping mall), the Board considers that the operation of the Central Restaurant is more preferable than the operation of the Food Court and believes that the Central Restaurant is located at a prime location with good customer traffic at favorable rent.

Notwithstanding the above, the Company has maintained communication with the aforesaid shopping mall for the operation of a food and beverage shop with a smaller scale.

Taking into consideration of above factors, the Board decided to reallocate the RI Net Proceeds earmarked for the Food Court of approximately HK\$16.70 million to the development of the Central Restaurant (including to set up a central kitchen to support the Central Restaurant and the existing 2 restaurants of the Group). Furthermore, the Directors also decided to reallocate approximately HK\$2.0 million from the RI Net Proceeds for expansion of food and beverage business to general working capital of the Group.

The Directors, including the independent non-executive Directors, consider that the transactions contemplated under the Lease are entered into in the ordinary and usual course of business of the Group, and the Lease is entered into on normal commercial terms after arm's length negotiations between the parties, and the terms of the transactions contemplated under the Lease are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The following table sets out the updated breakdown for the use of RI Net Proceeds after the change in use of the RI Net Proceeds:

|  | <b>Actual RI<br/>Net Proceeds<br/>HK\$'000</b> | <b>Revised<br/>allocation of<br/>RI Net<br/>Proceeds<br/>HK\$'000</b> | <b>Amount<br/>of revised<br/>allocation of<br/>RI Net<br/>Proceeds<br/>Utilised<br/>HK\$'000</b> | <b>Amount<br/>of revised<br/>allocation of<br/>RI Net<br/>Proceeds<br/>Unutilised<br/>HK\$'000</b> |
|--|--|---|--|--|
| Expansion of food and beverage business            |  |   |  |  |
| – The Food Court                                   | 16.92  | –   | –  | –  |
| – Restaurant A (as defined in the Prospectus)      | 7.27   | 5.49  | –  | 5.49   |
| – Restaurant B (as defined in the Prospectus)      | 6.72   | 6.72  | –  | 6.72   |
| – Central Restaurant (including a central kitchen) | –  | 16.70   | (5.74)   | 10.96  |
| General working capital                            | 3.60   | 5.60  | (3.57)   | 2.03   |
|  | <u>34.51</u>                                   | <u>34.51</u>  | <u>(9.31)</u>  | <u>25.20</u>   |

## INFORMATION OF THE PARTIES

### Information on the Group and Success Reach

The Group is principally engaged in the provision of catering services in Hong Kong and the food supplies in PRC.

Success Reach is a company incorporated in Hong Kong with limited liability and is an indirectly non-wholly-owned subsidiary of the Company. Success Reach is principally engaged in the investment holding.

## **Information of Eton Properties and Riverglen**

Eton Properties is the agent of Riverglen and Riverglen is the landlord of the Central Site. Both Riverglen and Eton Properties are companies incorporated in Hong Kong with limited liability. To the best knowledge, information and belief of the Directors having made all reasonable enquiries and the publicly available information, (i) Riverglen is principally engaged in property investment and Eton Properties is principally engaged in property agency and (ii) both of Riverglen and Eton Properties and the ultimate beneficial owners of Riverglen and Eton Properties are Independent Third Parties.

## **LISTING RULES IMPLICATION**

Pursuant to HKFRS 16 Leases, the Company if entering into lease transaction as lessee will recognise a right-of-use asset in its consolidated financial statements. Such transaction will be regarded as acquisition of capital asset for the purpose of the GEM Listing Rules. As one or more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Lease is more than 5% but all of which are below 25%, the Lease constitutes a discloseable transaction for the Company, and is therefore subject to the notification and announcement requirements but exempt from Shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

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

|                   |   |
|-------------------|---|
| “Board”           | the board of Directors of the Company   |
| “Central Site”    | the whole of the First Floor of Conwell House, Nos. 34, 36 and 38 Stanley Street, Hong Kong   |
| “Company”         | CBK Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on GEM of the Stock Exchange (stock code: 8428) |
| “Director(s)”     | the director(s) of the Company  |
| “Eton Properties” | Eton Properties Agency Company Limited, a private company incorporated in Hong Kong with limited liability  |
| “Food Court”      | a food court to be set up in a shopping mall located at Tsim Sha Tsui, details of which are disclosed in the Prospectus   |
| “GEM”             | GEM of the Stock Exchange   |

|                                |  |
|--------------------------------|--|
| “GEM Listing Rules”            | Rules governing the Listing of Securities on GEM, as amended, modified, and supplemented from time to time   |
| “Group”                        | the Company and its subsidiaries   |
| “HKFRS(s)”                     | Hong Kong Financial Reporting Standard(s) 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(ies)” | any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the GEM Listing Rules |
| “Lease”                        | the lease of the Central Site  |
| “Prospectus”                   | prospectus of the Company dated 6 August 2021 in relation to the Rights Issue  |
| “Rights Issue”                 | rights issue on the basis of three rights shares for every two shares held on the record date, the result of which was announced by the Company on 3 September 2021  |
| “Riverglen”                    | Riverglen Investment Limited, a company incorporated in Hong Kong with limited liability   |
| “Shareholder(s)”               | holder(s) of the Share(s)  |
| “Shares”                       | ordinary share(s) with a nominal value of HK\$0.1 each in the share capital of the Company   |
| “Success Reach”                | Success Reach Holding Limited, a limited liability company incorporated in Hong Kong and being an indirectly non-wholly owned subsidiary of the Company  |
| “Stock Exchange”               | The Stock Exchange of Hong Kong Limited  |
| “Tenancy Agreement”            | a tenancy agreement dated 5 November 2021 stipulated the principal terms of the Lease  |

“HK\$”

Hong Kong dollar(s), the lawful currency of Hong Kong

“%”

per cent

For and on behalf of the Board

**CBK Holdings Limited**

**CHOW Yik**

*Chairman and Executive Director*

Hong Kong, 5 November 2021

*As at the date of this announcement, the chairman and an executive Director is Mr. CHOW Yik, the executive Directors are Mr. CHAN Lap Ping and Mr. TSUI Wing Tak and the independent non-executive Directors are Mr. CHAN Hoi Kuen Matthew, Mr. CHONG Alex Tin Yam 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 “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company 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.*