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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 SAN PO KONG SITE

THE LEASE OF SAN PO KONG RESTAURANT

The Board announces that the Offer Letter dated 13 December 2021 was signed between Moly Power Limited (an indirectly wholly-owned subsidiary of the Group) as tenant and Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited as the agent of the landlord (an Independent Third Party) in respect of the lease of San Po Kong Site for a term of three years commencing from 1 March 2022 to 28 February 2025 (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 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 SAN PO KONG SITE

The Board announces that the Offer Letter dated 13 December 2021 was signed between Moly Power (an indirectly wholly owned subsidiary of the Group) as tenant and SHK as the agent of the landlord (an Independent Third Party) in respect of the Lease of the San Po Kong Site for a term of three years commencing from 1 March 2022 to 28 February 2025 (both days inclusive) with an option to renew for a further three years.

Details of the principal terms of the Offer Letter are set out below:

Date:	13 December 2021
Parties:	(1) Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited as the agent of the landlord, an Independent Third Party; and (2) Moly Power Limited, an indirectly wholly owned subsidiary of the Company, as tenant
Premises:	Shop No. 103A on the First Floor of Mikiki, 638 Prince Edward Road East, San Po Kong, NKIL 6308, Kowloon
Term:	1 March 2022 to 28 February 2025 (both days inclusive) with an option to renew for a further three years
Rent-free period:	1 March 2022 to 31 May 2022
Total amount payable:	The aggregate amount payable under the Lease is approximately HK\$2.9 million (exclusive of airconditioning charges, management fee, government rates and promotion levy), subject to an additional turnover rent being 8% of the amount by which Moly Power's monthly gross receipts exceeds the monthly basic rent

The rent is determined after arm's length negotiations between SHK and Moly Power after taking into consideration the prevailing market price of comparable premises in the vicinity of the San Po Kong 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\$3.0 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 San Po Kong Restaurant in accordance with HKFRS 16 Leases.

REASON FOR AND THE BENEFITS OF ENTERING THE LEASE OF THE SAN PO KONG 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 to four; (ii) dine-in services restaurant was extended to 10:00 p.m.; and 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 operate a new restaurant at San Po Kong site. The new restaurant will operate a Korean BBQ and hotpot restaurant under the trade name of “一韓燒”.

The Directors believes that the San Po Kong Site is located at a location with good customer traffic at favorable rent. Thus, the Directors believe San Po Kong Site will be a good location to open new restaurants.

The Directors, including the independent non-executive Directors, considered 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.

INFORMATION OF THE PARTIES

Information on the Group and Moly Power

The Group is principally engaged in the provision of catering services in Hong Kong.

Moly Power is a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of the Company. Moly Power is principally engaged in the provision of catering services in Hong Kong.

Information on SHK and the landlord

Both SHK and the landlord 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) the landlord and SHK is principally engaged in property investment and real estate and general agencies respectively. SHK and the landlord are wholly-owned subsidiaries of Sun Hung Kai Properties Limited, a public company incorporated in Hong Kong with limited liability and whose shares are listed on the main board of the Stock Exchange (stock code: 16); and (ii) each of the landlord, SHK and their ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATION

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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
“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)”	director(s) of the Company
“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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“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 San Po Kong Site

“Moly Power”	Moly Power Limited, a limited liability company incorporated in Hong Kong and being an indirectly wholly owned subsidiary of the Company
“Offer Letter”	an offer letter dated 13 December 2021 stipulated the terms of the Lease
“San Po Kong Site”	Shop No. 103A on the First Floor of Mikiki, 638 Prince Edward Road East, San Po Kong, NKIL 6308, Kowloon
“SHK”	Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited, a private 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 13 December 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, Ms. HO Oi Kwan 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 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.

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