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K2 F&B HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2108)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

THE ACQUISITION

On 16 December 2021, the Purchaser was granted the Option by the Vendor to purchase the Property pursuant to the Option Agreement. The Board is pleased to announce that on 10 January 2022, the Purchaser exercised the Option pursuant to the Option Agreement to acquire the Property from the Vendor at a total consideration of S\$4,800,000 (equivalent to approximately HK\$27,600,000). The Property is currently leased out to various Independent Third Parties, and will be used for the opening of a dining establishment to be operated and managed by the Group under its F&B retail business when the existing tenancy agreements of the Property expire upon Completion.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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THE OPTION AGREEMENT

The terms and conditions for the sale and purchase of the Property were set out in the Option Agreement, and the principal terms of which are summarised below:

Date of grant of the Option	: 16 December 2021
Date of exercise of the Option	: 10 January 2022
Grantor of the Option	: The Vendor, as the grantor of the Option
Grantee of the Option	: FS 700, as the Purchaser of the Property
Consideration	: S\$4,800,000 (equivalent to approximately HK\$27,600,000)

The consideration is payable in the following manner:

- (i) the option fee to purchase the Option under the Option Agreement amounting to 1% of the total consideration (being S\$48,000 or equivalent to approximately HK\$276,000) of the sale and purchase of the Property was paid on the date of the Option Agreement and shall be treated as part payment of the total consideration of the Acquisition;
- (ii) a further part payment of 4% of the total consideration (being S\$192,000 or equivalent to approximately HK\$1,104,000) shall be payable at the time of exercising the Option; and
- (iii) the remaining balance of the consideration (being S\$4,560,000 or equivalent to approximately HK\$26,220,000) shall be payable upon Completion.

The total consideration for the Acquisition was determined upon arm's length negotiation between the Purchaser and the Vendor, having regard to the location of the Property and the market price of comparable properties in the proximity.

Property to be acquired	: 15 Crane Road, Singapore 429360
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Further details of the Property are set out in "Information of the Property" below.

Expected Date of Completion	: 16 June 2022
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- Conditions of Sale : (i) the Acquisition is subject to the “Law Society of Singapore’s Conditions of Sale 2020” in so far as the same are applicable to a sale by private treaty and are not varied by or inconsistent with the conditions in the Option Agreement;
- (ii) the Acquisition shall be subject to the Purchaser’s solicitors receiving satisfactory replies to the legal requisitions and applications for interpretations plans from various Government Departments and the Land Transport Authority in Singapore;
- (iii) the title to the Property shall be in order and be properly deduced and free from encumbrances on Completion;
- (iv) the Property is sold subject to all easements, reservations, covenants and conditions whatsoever affecting the Property; and
- (v) the Property is sold on an “as is where is” basis in its present state and condition and the Purchaser shall be deemed to have notice in a respect of the actual state of condition of the Property and shall not be entitled to raise any queries, requisitions or objections of whatsoever nature in respect thereof.
- Existing tenancy : The Property will be sold to the Purchaser with vacant possession.

INFORMATION OF THE PROPERTY

The Property being acquired is located at 15 Crane Road, Singapore 429360. It has a total area of approximately 1,593 square feet, comprising Lot No. MK26-U16695X and a remaining lease of about 941 years. The Property has dual frontage and enjoys good pedestrian traffic.

The Property is currently subjected to existing tenancy agreements until 15 June 2022. There are four tenants, who are operating a drinks stall, a Thai food stall, a Chinese food stall and a Japanese food stall respectively.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the tenants of the Property are Independent Third Parties.

The present intention of the Company is to open a dining establishment when the existing tenancy agreements of the Property expire upon Completion.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in (i) food and beverage retail business; and (ii) outlet management and leasing business in Singapore. The Purchaser is an indirect wholly-owned subsidiary of the Company, which primarily engages in the operation of food and beverage stalls.

INFORMATION OF THE VENDOR

The Vendor is an individual.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

REASONS FOR AND THE BENEFITS OF THE ACQUISITION

The Property is located within an established commercial and residential area with rich cultural and historical heritage. It is located at the fringe of the Paya Lebar regional business hub in Singapore.

The Acquisition is for the ordinary and usual course of the Group's business, and is consistent with the Group's current (and prevailing) business strategies and conduct. As disclosed in the Prospectus, in order to increase the Group's market share and scale of operations in the food and beverage industry in Singapore, it is part of the Group's business strategy to expand its presence in Singapore through acquisition of new properties or food centres.

The Board believes that the Acquisition would produce positive commercial results to the Group, including (i) foreseeable increase in revenue, profit and market share for the Group and (ii) greater economies of scale and certainty in costs. Furthermore, the Acquisition would also improve the Group's ability to withstand ever-increasing rental costs and strengthen its ability to compete with other industry players.

Based on the above, the Board is of the view that the Acquisition would be commercially beneficial to the Group as it would enable the Group to be well-positioned to leverage on potential growth and expansion. Thus, the Acquisition is in line with the Company's business strategy and future plans.

Given that the Option Agreement was entered into on normal commercial terms with consideration being determined based on the market value of the Property and similar properties in similar locations and are fair and reasonable, the Directors consider that the Acquisition is in the interests of the Company and the Shareholders as a whole.

FINANCING OF THE ACQUISITION

It is expected that (i) approximately 20% of the total consideration (being S\$960,000 or equivalent to approximately HK\$5,520,000) will be financed by internal resources of the Group, and (ii) approximately 80% of the total consideration (being S\$3,840,000 or equivalent to approximately HK\$22,080,000) will be financed by bank facilities.

LISTING RULES IMPLICATION

As one or more applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions of the following meanings were used:

“Acquisition”	the acquisition of the Property by the Purchaser pursuant to the terms of the Option Agreement
“Board”	the board of Directors
“Company”	K2 F&B Holdings Limited, a company incorporated in the Cayman Islands with limited liability of which the shares are listed on the Main Board of the Stock Exchange (stock code: 2108)
“Completion”	completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“FS 700” or “Purchaser”	FS 700 Pte Ltd, a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“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)”	person(s) or company(ies) who/which is(are) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Option”	the option granted by the Vendor to the Purchaser pursuant to the terms and conditions of the Option Agreement for the sale and purchase of the Property

“Option Agreement”	the option agreement dated 16 December 2021 entered into among the Purchaser and the Vendor under which the Vendor agreed to grant the Option to the Purchaser
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“Property”	15 Crane Road, Singapore 429360
“Prospectus”	the prospectus of the Company dated 21 February 2019 relating to the listing of the Shares on the Main Board
“S\$”	Singaporean dollar(s), the lawful currency of the Republic of Singapore
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Low Kwang Tong, an individual and an Independent Third Party
“%”	Percentage

Note: Unless otherwise stated, the figures in S\$ are converted into HK\$ at the rate of S\$1.00 to HK\$5.75 throughout this announcement for indicative purposes only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

By Order of the Board
K2 F&B Holdings Limited
Chu Chee Keong (Zhu Zhiqiang)
Chairman

Singapore, 10 January 2022

As at the date of this announcement, the Directors are:

Executive Directors:

Mr. Chu Chee Keong (Zhu Zhiqiang)
Ms. Leow Poh Hoon (Liao Baoyun)
Ms. Chu Pek Si (Zhu Peishi)

Independent non-executive Directors:

Mr. Wong Loke Tan
Mr. Mah Seong Kung
Mr. Ng Yong Hwee