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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)

**(i) PROPOSED RIGHTS ISSUE ON THE BASIS OF
FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE;
AND
(ii) PROPOSED CHANGE IN BOARD LOT SIZE**

PROPOSED RIGHTS ISSUE

The Company proposed to implement the Rights Issue on the basis of five (5) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.265 per Rights Share, to raise up to (i) approximately HK\$20.61 million gross proceeds by issuing 77,757,995 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$20.95 million gross proceeds by issuing 79,049,995 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date), to the Qualifying Shareholders. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any).

The maximum Net Proceeds, is estimated to be approximately HK\$18.92 million (assuming no exercise of any outstanding Share Options and no change in the number of Shares in issue on or before the Record Date). The estimated net subscription price per Rights Share after deducting the relating expenses of the Rights Issue will be approximately HK\$0.243. The Company intends to apply the Net Proceeds as to (i) approximately 58.14% (or approximately HK\$11.00 million) will be used for expansion of existing food and beverage business; (ii) approximately 27.48% (or approximately HK\$5.20 million) will be used for the repayment of debts; and (iii) approximately 14.38% (or approximately HK\$2.72 million) will be used as the general working capital of the Group.

There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any of the Rights Shares which remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Rights Issue is only available to Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and be a Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than 4:00 p.m. (Hong Kong time) on 9 May 2023.

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and NQS Unsold Rights Shares to independent placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 6 March 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares to independent placees on a best effort basis. For details of the Placing Agreement and the Compensatory Arrangements, please refer to the section headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this announcement. The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholders; and (ii) they are Independent Third Parties.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 2,000 Shares to 10,000 Shares with effect from 9:00 a.m. on 15 June 2023. Shareholders should note that Shareholder’ approval is not required for the Change in Board Lot Size.

GEM LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of Rule 10.29(1) of the GEM Listing Rules and any controlling shareholder and their respective associates or where there is no controlling shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue.

As at the date of this announcement, (i) the Company does not have any controlling shareholder; and (ii) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors or the chief executive of the Company or their respective associates are interested in any Share, therefore no Shareholders will be required to abstain from voting of the Rights Issue in accordance with Rule 10.29(1) of the GEM Listing Rules.

The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors will be established to provide recommendations to the Independent Shareholders in connection with the Rights Issue and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder and to advise the Independent Shareholders on how to vote at the EGM. An announcement will be made by the Company upon the appointment of the independent financial adviser.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Rights Issue and the respective transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Rights Issue; (ii) further details of the Change in Board Lot Size; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders as soon as practicable in accordance with the requirements of the GEM Listing Rules.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on 17 May 2023, and the Prospectus will be despatched to the Non-Qualifying Shareholders for information purposes only to the extent permitted under the relevant laws and regulations and reasonably practicable.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares will be dealt on an ex-rights basis from 8 May 2023. Dealings in the nil-paid Rights Shares are expected to take place from 19 May 2023 to 29 May 2023 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement) are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid Rights Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

The Rights Issue will proceed on a non-underwritten basis irrespective of the acceptance of the provisionally allotted Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

PROPOSED RIGHTS ISSUE

The Company proposed to implement the Rights Issue on the basis of five (5) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.265 per Rights Share, to raise up to (i) approximately HK\$20.61 million gross proceeds by issuing 77,757,995 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$20.95 million gross proceeds by issuing 79,049,995 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date), to the Qualifying Shareholders. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any). Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	Five (5) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.265 per Rights Share

Number of Shares in issue as at the date of this announcement	:	15,551,599 Shares
Number of Rights Shares	:	<p>(a) Up to 77,757,995 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or</p> <p>(b) Up to 79,049,995 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)</p>
Aggregate nominal value of the Rights Shares	:	<p>(a) Up to HK\$777,579.95 (assuming no change in the share number of Shares in issue on or before the Record Date); or</p> <p>(b) Up to HK\$790,499.95 (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date)</p>
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	<p>(a) Up to 93,309,594 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued); or</p> <p>(b) Up to 94,859,994 Shares (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)</p>

As at the date of this announcement, there are 258,400 outstanding Share Options for subscription of an aggregate amount of 258,400 Shares under the Share Option Scheme, which are exercisable during a 10-year period from 10 January 2022 (being the date of grant of the Share Options). Save for the aforesaid, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Assuming no exercise of any outstanding Share Options and no change in the share capital of the Company on or before the Record Date, 77,757,995 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 500% of the total number of issued Shares as at the date of this announcement; and (ii) 83.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming that there is no change in the issued Shares other than the full exercise of the outstanding Share Options on or before the Record Date, 79,049,995 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 508.31% of the total number of issued Shares as at the date of this announcement; and (ii) 83.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

As at the date of this announcement, the Board has not received any information from any Shareholders of their intention to take up their entitlement under the Rights Issue nor any undertaking from any Shareholders that they will undertake to subscribe for the Rights Shares.

Despite the Rights Issue is conducted on a non-underwritten basis, any Rights Shares not subscribed by the Qualifying Shareholders (i.e., the Unsubscribed Rights Shares), including the NQS Unsold Rights Shares (if any) will be placed by the Placing Agent on the market to independent places on a best effort basis. The Company considers that such placing arrangement at a placing price of not less than the Subscription Price is attractive to encourage independent places to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (if any). Based on the above, the Company is optimistic that the Qualifying

Shareholders and the independent placees (if any) will subscribe for the Rights Shares and raise the necessary proceeds for the Company.

Subscription Price

The Subscription Price is HK\$0.265 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 15.87% to the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 14.24% to the average of the closing prices of HK\$0.309 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 2.93% to the theoretical ex-rights price of HK\$0.273 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 13.23%, represented by the theoretical diluted price of approximately HK\$0.273 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.315 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement) of approximately HK\$0.303 per Share; and
- (v) a discount of approximately 79.07% to the audited net asset value per Share of approximately HK\$1.266 (based on the latest published consolidated net asset value of the Group of approximately HK\$19,681,000 as at 31 March 2022 as disclosed in the annual report of the Company for the year ended 31 March 2022 and 15,551,599 Shares in issue as at the date of this announcement).

The net price per Rights Share (i.e., Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.243. The estimated Net Proceeds (assuming no change in the number of Shares in issue on or before the Record Date) after deducting the related expenses of the Rights Issue will be approximately HK\$18.92 million.

The Subscription Price and the subscription rate (i.e. five (5) Rights Shares for every one (1) Share held on the Record Date) was determined with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong and the impact of COVID-19 pandemic; (iii) the latest business performance and financial position of the Group; and (iv) the reasons for and benefits of Rights Issue as discussed in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” in this announcement.

In determining the Subscription Price, which represents a discount of approximately 15.87% to the closing price of HK\$0.315 per Share on the Last Trading Day, the Directors have considered, among other things as mentioned above, market price of the Shares traded on the Stock Exchange from 28 November 2022 to the Last Trading Day, representing approximately three months prior to and including the Last Trading Day (the “**Relevant Period**”), as a benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the Shares were traded on the Stock Exchange with closing price ranges between the lowest closing price of HK\$0.270 per Share on 3 January 2023, 4 January 2023, 17 January 2023 and 31 January 2023 and the highest closing price of HK\$0.380 per Share on 28 November 2022, 29 November 2022, 30 November 2022, 5 January 2023 and 3 March 2023. In general, the daily closing price per Share during the Relevant Period demonstrates a downward trend.

The Directors (excluding the independent non-executive Directors whose opinion will be set out in the circular of the company after taking into account the advice from the Independent Financial Adviser) consider, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders only and the Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company, and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) for registration with the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, by 4:00 p.m. on 9 May 2023.

The last day of dealing in the Shares on cum-rights basis is 5 May 2023. The Shares will be dealt with on an ex-rights basis from 8 May 2023.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders, if any, may not be eligible to take part in the Rights Issue.

The basis for excluding the Non-Qualifying Shareholder(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL) to the Non-Qualifying Shareholders for their information only.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s). Based on the register of members of the Company as at the date of this announcement, there is one Overseas Shareholder holding of 80,000 Shares representing approximately 0.51% of the total number of issued Shares, whose address on register of members is in the British Virgin Islands (“BVI”).

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of the enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The register of members of the Company will be closed from 26 April 2023 to 3 May 2023 (both days inclusive) for determining the Shareholders' entitlements to attend and vote at the EGM.

The register of members of the Company will be closed from 10 May 2023 to 16 May 2023 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares will be registered during the book closure periods.

Basis of provisional allotment

The basis of the provisional allotment shall be five (5) Rights Shares for every one (1) Share in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. There will be no excess application arrangements in relation to the Rights Issue.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of five (5) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Odd lots matching services

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue and the Change in Board Lot Size, the Placing Agent has been appointed as designated broker by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share. The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties. Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact the Placing Agent at (852) 2844-9876

or by facsimile at (852) 2526–0618 during the period from 9:00 a.m. on Thursday, 15 June 2023 to 4:00 p.m. on Friday, 14 July 2023 (both days inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 14 June 2023. Refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares (if any) are expected to be posted on or before 14 June 2023 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, or any other applicable fees and charges in Hong Kong.

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, 6 March 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to independent places on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on 8 June 2023, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Application for listing of the Rights Shares

The Company will apply to the GEM Listing Committee for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The Rights Shares, in both their nil-paid and fully-paid forms, will be traded in the board lots of 10,000 Shares, being the new board lot size upon the Change in Board Lot Size becoming effective. No part of the securities of the Company is listed or dealt in or on which listing or permission to dealing is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (i) the Rights Issue having been approved by the Independent Shareholders at the EGM;
- (ii) the delivery to the Stock Exchange for authorization and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their attorneys or agents duly authorised in writing) in accordance with section 342C of the Companies (WUMP) Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date;
- (iv) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings;
- (v) compliance with the requirements under the applicable laws and regulations of Hong Kong and Cayman Islands; and
- (vi) the Placing Agreement is not terminated.

The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so), and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the above conditions are not fulfilled on or before the Latest Time for Termination, the Rights Issue will not proceed.

Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares

Details of the Placing Agreement are summarised as follows:

Date : 6 March 2023 (after trading hours)

Issuer : The Company

Placing Agent : Excalibur Global Financial Group Limited

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties.

Placing Period : A period commencing from the first Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares, which is expected to be 6 June 2023, and ending at 4:00 p.m. on 8 June 2023 or such later date as the Company and the Placing Agent may agree in writing.

Commission and expense : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 3.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

Placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the process of placement.

Placees : The Unsubscribed Rights Shares and NQS Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company. The Company will continue to comply with the public float requirements under Rule 11.23(7) of the GEM Listing Rules and the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

- Ranking of the placed Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placed Unsubscribed Rights Shares and NQS Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.
- Conditions of the Placing Agreement : The Placing is conditional upon the fulfillment of the following conditions:
- (i) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Placing Shares;
 - (ii) the approval of the Rights Issue by the Independent Shareholders at the EGM;
 - (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
 - (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

In the event that the above condition precedents have not been fulfilled or waived (where applicable) on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

The terms of the Placing Agreement, including the commission payable, was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of Placing Agreement in respect of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to independent placees on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole:

- (i) the arrangements are in compliance with the requirements under Rule 10.31(1)(b) of the GEM Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The Placing Agent and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) are Independent Third Parties; and
- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	Date
	2023
Announcement of the Rights Issue	Monday, 6 March
Expected despatch date of circular with notice and form of proxy for the EGM	Friday, 14 April
Latest time for lodging transfers of Shares to qualify for attendance and voting at the EGM.	4:00 p.m. on Tuesday, 25 April
Closure of the register of members of the Company for attending the EGM (both days inclusive).	Wednesday, 26 April to Wednesday, 3 May
Latest time for lodging forms of proxy for the purpose of the EGM	11:00 a.m. on Monday, 1 May
Record date for determining attendance and voting at the EGM	Wednesday, 3 May
Expected date and time of the EGM	11:00 a.m. on Wednesday, 3 May
Announcement of the poll result of the EGM	Wednesday, 3 May
Register of members of the Company re-opens	Thursday, 4 May
Last day of dealing in the Shares on a cum-rights basis.	Friday, 5 May
First day of dealing in the Shares on an ex-rights basis	Monday, 8 May
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue.	4:00 p.m. on Tuesday, 9 May

Event	Date
	2023
Closure of the register of members of the Company for the Rights Issue (both days inclusive)	Wednesday, 10 May to Tuesday, 16 May
Record Date for determining entitlements to the Rights Issue	Tuesday, 16 May
Register of members of the Company re-opens	Wednesday, 17 May
Despatch of Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only)	Wednesday, 17 May
First day of dealing in nil-paid Rights Shares (in the board lot size of 10,000 Shares).	Friday, 19 May
Latest time for splitting of the PAL.	4:00 p.m. on Tuesday, 23 May
Last day of dealing in nil-paid Rights Shares (in the board lot size of 10,000 Shares).	Monday, 29 May
Latest Time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements.	4:00 p.m. on Thursday, 1 June
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Thursday, 1 June
Announcement of the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Monday, 5 June
Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	Tuesday, 6 June
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent	4:00 p.m. on, Thursday, 8 June
Latest Time for Termination	Friday, 9 June

Event	Date
	2023
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and NQS Unsold Rights Share under the Compensatory Arrangements)	Tuesday, 13 June
Despatch of refund cheques, if any, if the Rights Issue is terminated, on or before	Wednesday, 14 June
Despatch of share certificates of fully-paid Rights Shares	Wednesday, 14 June
Expected first day of dealings in fully-paid Rights Shares	Thursday, 15 June
Effective date of the new board lot size (in the board lot size of 10,000 Shares)	9:00 a.m. on Thursday, 15 June
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares	9:00 a.m. on Thursday, 15 June
Payment of Net Gain to relevant No Action Shareholders (if any)	Friday, 30 June
Designated broker ceases to stand in the market to provide matching services for odd lots of the Shares	4:00 p.m. on Friday, 14 July

All times and dates in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or amended varied by the Company. Any change to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 1 June 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 1 June 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Thursday, 1 June 2023, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in (i) the provision of food catering services through restaurant; and (ii) sales and processing of food in Hong Kong.

The maximum Net Proceeds is estimated to be approximately HK\$18.92 million (assuming no exercise of any outstanding Share Options and no change in the number of Shares in issue on or before the Record Date). The estimated net subscription price per Rights Share after deducting the relating expenses of the Rights Issue will be approximately HK\$0.243. The Company intends to apply the Net Proceeds as to (i) approximately 58.14% (or approximately HK\$11.00 million) will be used for expansion of existing food and beverage business; (ii) approximately 27.48% (or approximately HK\$5.20 million) will be used for the repayment of debts; and (iii) approximately 14.38% (or approximately HK\$2.72 million) will be used as the general working capital of the Group.

Expansion of existing food and beverage business

In order to expand the Group's existing business, the Group plans to open two new restaurants. The Net Proceeds will mainly be utilised for the initial set up costs (the “**Set Up Costs**”) for the New Restaurants, including but not limited to initial rental costs and deposit, renovation, staff cost, furniture and set up of IT operation system, details of which are as follows:

- (i) approximately HK\$5.50 million will be utilised as the Set up Costs for a new restaurant with an expected area of over 3,500 square feet to be located in Causeway Bay, Hong Kong Island (“**Restaurant A**”); and
- (ii) approximately HK\$5.50 million will be utilised as the Set up Costs for a new restaurant with an expected area of over 4,000 square feet to be located in Kowloon (“**Restaurant B**”).

As at the date of this announcement, the Company has identified two suitable premises for two new restaurants, details are set out below:

		Gross floor area (<i>approx.</i> <i>sq.ft.</i>)	Expected rental per month	Expected term	Expected cuisine type	Expected Capacity	Expected Available
Restaurant A	Causeway Bay	Over 3,500	47	2 to 3 years	Japanese style cuisine	80 seats	The premise is vacant
Restaurant B	Kowloon side	Over 4,000	48	2 to 3 years	Japanese style cuisine	80 seats	The premise is vacant

The Restaurant A will be located in Causeway Bay and the Restaurant B will be located in Kowloon (collectively, “**New Restaurants**”). New Restaurants will offer Japanese style cuisine and target customers at middle to high-end class. Considering the expected capacity of the New Restaurants, the Company plans to hire 4–7 kitchen staff (including chefs and kitchen helpers), 4–8 waiters/waitresses, and 1–3 cleaners for each of the New Restaurants. As at the date of this announcement, the Company is in the process of negotiating the terms of the lease with the relevant landlords.

Since December 2022, the Hong Kong government has further relaxed the restrictions on operation of restaurants in Hong Kong, including the lifting of the requirement for members of the public to scan the “Leave Home Safe” venue QR code and vaccine pass QR code when entering premises, members of the public have gradually resumed their normal life in an orderly manner. The Board believed that the negative impact of the COVID-19 pandemic to the food catering service industry in Hong Kong has gradually decreased and anticipates an optimistic consumer sentiments for the years ahead. In addition, the COVID-19 testing requirement for the cross-border travellers and pre-departure testing and vaccination requirements for overseas arrivals have been cancelled, local catering industry will be benefited from the influx of oversea travellers and cross-border travellers from mainland China, therefore the Board is of the view that it is optimal time for the Group to expand its food and beverage business.

Repayment of debts

As at the date of this announcement, the Group has outstanding bonds of an aggregate principal amount of HK\$5.00 million. The bonds are unsecured and carries coupon interest rate of 24%, 24%, 22.5% and 24% per annum respectively and are due at 2023 third quarter.

As the Rights Issue will be on a non-underwritten basis, the actual amount of the Net Proceeds cannot be ascertained at this point. In the event that the Rights Issue is undersubscribed, the Net Proceeds will be adjusted by the Company accordingly and will be applied by the Company in the following order of priority:

- (i) for the repayment of debts;
- (ii) for the expansion of existing food and beverage business; and
- (iii) for the general working capital of the Group.

In the event that the Rights Issue is undersubscribed and the Net Proceeds is not sufficient for the setup of the New Restaurants after repayment of debts, the Net Proceeds will be applied for the setup of one of the New Restaurants after the repayment of debt, and any remaining proceeds (if any) will be applied for general working capital of the Group.

The Board has considered various ways of fund raising and believe that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long-term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs.

The Board has considered other fundraising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The Directors (excluding the independent non-executive Directors whose opinion will be set out in the circular of the Company after taking into account the advice from the Independent Financial Adviser) consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders; and (iii) immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all Unsubscribed Rights Shares have been placed by the Placing Agent:

- (a) assuming no exercise of any outstanding Share Options and no change in the shareholding structure of the Company on or before completion of the Rights Issue:

	(i) As at the date of this announcement		(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		(iii) Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all Unsubscribed Rights Shares have been placed by the Placing Agent	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>Approx. %</i>
Other public Shareholders	15,551,599	100.00	93,309,594	100.00	15,551,599	16.67
Independent placees	—	—	—	—	77,757,995	83.33
Total	15,551,599	100.00	93,309,594	100.00	93,309,594	100.00

- (b) assuming all the outstanding Share Options being exercised on or before the Record Date and there is no other change in the shareholding structure of the Company before completion of the Rights Issue:

	(i) As at the date of this announcement		(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		(iii) Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all Unsubscribed Rights Shares have been placed by the Placing Agent	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>Approx. %</i>
Other public Shareholders	15,551,599	100.00	93,309,594	98.36	15,551,599	16.39
Independent placees	–	–	–	–	79,049,995	83.33
Mr. Chow Yik (<i>Note 1</i>)	–	–	775,200	0.82	129,200	0.14
Mr. Tsui Wing Tak (<i>Note 2</i>)	–	–	775,200	0.82	129,200	0.14
Total	<u>15,551,599</u>	<u>100.00</u>	<u>94,859,994</u>	<u>100.00</u>	<u>94,859,994</u>	<u>100.00</u>

Notes:

1. Mr. Chow Yik is an executive Director and chairman of the Company.
2. Mr. Tsui Wing Tak is an executive Director of the Company.

FUND RAISING EXERCISE IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities during the twelve months immediately preceding the date of this announcement.

Date of Announcement	Event	Net proceeds raised (Approximately)	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
31 May 2022	Placing of new shares under general mandate	HK\$2.84 million	For the general working capital of the Group	All net proceeds have been utilised as intended.

Save as disclosed above, the Company did not raise any other funds by issue of equity securities during the twelve months immediately preceding the date of this announcement.

POSSIBLE ADJUSTMENTS RELATING TO THE SHARE OPTIONS

The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme. The Company will notify the holders of the Share Options the adjustments upon the Rights Issue becoming unconditional by further announcement, if necessary.

Save for the Share Option Scheme, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

PROPOSED CHANGE IN BOARD LOT SIZE

The Shares are currently traded in board lots of 2,000 Shares and the market value per board lot of the Shares was HK\$630 (based on the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the date of this announcement). As set out in the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchange and Clearing Limited, it is requested that the value of each board lot shall be no less than HK\$2,000, the Board proposes to change the board lot size for trading of Shares from 2,000 Shares to 10,000 Shares with effect from 9:00 a.m. on Thursday, 15 June 2023. Upon the Change in Board Lot Size becoming effective, the Shares will be traded in board lot of 10,000 Shares and the estimated market value per board lot of the Shares will be HK\$2,730 (based on the theoretical ex-rights price of approximately HK\$0.273 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Last Trading Day). Shareholders should note that Shareholders’ approval is not required for the Change in Board Lot Size.

All existing share certificates in board lot of 2,000 Shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the Change in Board Lot Size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 2,000 Shares to new share certificate in board lot size of 10,000 Shares is necessary.

The Change in Board Lot Size will not affect any of the relative rights of the Shareholders. The Board considers that the Change in Board Lot Size in the interest of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of Rule 10.29(1) of the GEM Listing Rules and any controlling shareholder and their respective associates or where there is no controlling shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue.

As at the date of this announcement, (i) the Company does not have any controlling shareholder; and (ii) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors or the chief executive of the Company or their respective associates are interested in any Share, therefore no Shareholders will be required to abstain from voting of the Rights Issue in accordance with Rule 10.29(1) of the GEM Listing Rules.

The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

As at the date of this announcement, save for the Rights Issue, the Placing and the Change in Board Lot Size, the Company did not have any plan and had not entered into any negotiation, agreement, arrangement or undertaking to conduct any other corporate action or arrangement that may affect the trading of the Company's shares in the next 12 months.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors will be established to provide recommendations to the Independent Shareholders in connection with the Rights Issue and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder and to advise the Independent Shareholders on how to vote at the EGM. An announcement will be made by the Company upon the appointment of the independent financial adviser.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Rights Issue and the respective transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Rights Issue; (ii) further details of the Change in Board Lot Size; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders as soon as practicable in accordance with the requirements of the GEM Listing Rules.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on 17 May 2023, and the Prospectus will be despatched to the Non-Qualifying Shareholders for information purposes only to the extent permitted under the relevant laws and regulations and reasonably practicable.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares will be dealt on an ex-rights basis from 8 May 2023. Dealings in the nil-paid Rights Shares are expected to take place from 19 May 2023 to 29 May 2023 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement) are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid Rights Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

The Rights Issue will proceed on a non-underwritten basis irrespective of the acceptance of the provisionally allotted Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the Board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares per board lot to 10,000 Shares per board lot
“Company”	CBK Holdings Limited, a company incorporated in the Cayman Island with limited liability whose issued share are listed on Stock Exchange (stock code: 8428)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this announcement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Rights Issue and the transactions contemplated thereunder
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which will be established under the GEM Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and transaction contemplated thereunder
“Independent Shareholders”	Any Shareholder(s) who is(are) not required to abstain from voting on the resolution relating to the Rights Issue at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons (or any of their respective associate)
“Last Trading Day”	6 March 2023 being the last trading day of the Shares on the Stock Exchange prior to the publication of this announcement

“Latest Lodging Time”	4:00 p.m. on 9 May 2023 or such other date as the Company may agree, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on 1 June 2023 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	9 June 2023 or such later date as the Company and the Placing Agent may agree in writing, being the latest time to terminate the Placing Agreement
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement) under the Compensatory Arrangements
“Net Proceeds”	the net proceeds of the Rights Issue, after deducting all relevant expenses
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Non-Qualifying Shareholders (if any)
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholders (if any) in nil-paid form that has/have not been sold by the Company

“Overseas Shareholder(s)”	the Shareholder(s) with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Excalibur Global Financial Group Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities under the SFO, being the placing agent appointed by the Company for the Placing
“Placing Agreement”	the placing agreement dated 6 March 2023 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Shares”	all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Period”	a period commencing from the first Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares, which is expected to be 6 June 2023, and ending at the 4:00 p.m. on 8 June 2023 or such later date as the Company and the Placing Agent may agree in writing
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Prospectus Documents”	collectively, the Prospectus and PAL
“Prospectus Posting Date”	the date of despatch of the Prospectus Documents
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	16 May 2023 or such other date as may be determined by the Company, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Union Registrars Limited, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of five (5) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	new Shares proposed to be allotted and issued pursuant to the Rights Issue, being (i) up to 77,757,995 Rights Share, (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) up to 79,049,995 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the capital of the Company
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme

“Share Options Scheme”	the share option scheme of the Company adopted on 10 January 2022
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.265 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders

By Order of the Board
CBK Holdings Limited
Chow Yik
Chairman and Executive Director

Hong Kong, 6 March 2023

As of the date of this announcement, the executive Directors are Mr. Chow Yik and Mr. Tsui Wing Tak; and the independent non-executive Directors are Mr. Chan Kwan Yung, Mr. Chong Alex Tin Yam and Ms. Lau Man Kei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.cbk.com.hk.