

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **K2 F&B HOLDINGS LIMITED**

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

**(Stock Code: 2108)**

### **MAJOR TRANSACTION DISPOSAL OF PROPERTY**

#### **THE DISPOSAL**

The Board is pleased to announce that, on 30 April 2024, the Purchaser was granted the Option by the Vendor to purchase the Property pursuant to the Option Agreement. On 19 June 2024, the Purchaser exercised the Option pursuant to the Option Agreement to acquire the Property from the Vendor at a total consideration of S\$8,800,000 (equivalent to approximately HK\$50,776,000). The Property is currently used for leasing out as a restaurant.

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 100%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement, circular and shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, none of the Shareholders and their respective associates has any material interest in the Disposal. As such, no Shareholder would be required to abstain from voting on the resolution in respect of the Disposal if the Company were to convene a general meeting for the approval of the Disposal. As at the date of this announcement, Strong Oriental is the controlling Shareholder of the Company and beneficially holds 600,000,000 Shares, representing 75% of the entire issued share capital of the Company. Written approval of the Disposal has been obtained from Strong Oriental. Pursuant to Rule 14.44 of the Listing Rules, such written approval may be accepted in lieu of holding a general meeting of the Company, and accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Disposal; (ii) financial information of the Group; and (iii) a valuation of the Property shall be despatched within 15 business days after publication of this announcement. As more time is required to prepare the information to be included in the circular, the Company will apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules from the Stock Exchange so that the despatch date of the circular can be postponed to a date more than 15 business days after publication of this announcement, which is expected to be on or before 31 July 2024.

## INTRODUCTION

The Board is pleased to announce that, on 30 April 2024, the Purchaser was granted the Option by the Vendor to purchase the Property pursuant to the Option Agreement. On 19 June 2024, the Purchaser exercised the Option pursuant to the Option Agreement to acquire the Property from the Vendor at a total consideration of S\$8,800,000 (equivalent to approximately HK\$50,776,000). The Property is currently used for leasing out as a restaurant.

## THE OPTION AGREEMENT

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

Date : 19 June 2024 (after trading hours)

Parties : (i) 362 Degree Pte Ltd as the Purchaser  
(ii) CK Chu Holdings Pte Ltd as the Vendor

Consideration : S\$8,800,000 (equivalent to approximately HK\$50,776,000)

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\$88,000) of the sale and purchase of the Property was paid on 1 May 2024 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\$352,000) shall be payable at the time of exercising the Option;
- (iii) a further part payment of S\$3,000,000 shall be payable 6 weeks after exercising the option; and
- (iv) the remaining balance of the consideration (being S\$5,360,000) together with the prevailing GST (being S\$792,000) 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 (i) the location of the Property; and (ii) the preliminary valuation of the Property indicated by an independent valuer.

Completion : Completion shall take place within twelve (12) weeks from the date of exercise of the Option or any other dates mutually agreed by the parties.

- Conditions precedent : (i) the Disposal is subject to shareholders’ approval of the Vendor and the Company;
- (ii) the Disposal 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;
- (iii) the Disposal shall be subject to the Purchaser receiving satisfactory replies to the legal requisitions to the various Government Departments and local authorities;
- (iv) the title to the Property shall be in order and be properly deducted and free from encumbrances;
- (v) the Property is sold subject to all party walls and other easements, if any; and
- (vi) the Property is sold on an ‘as is where is basis.

## INFORMATION ABOUT THE PROPERTY

The Property is located at 200 Jalan Sultan, #01–05 Textile Centre, Singapore 199018. It has a total area of approximately 311 square metres, comprising two separate lots, namely Lot No. TS15-U271 and Lot No. TS15-U27211 and a remaining lease of about 45 years.

The Property is currently used for leasing out as a restaurant.

Set out below are the net rental incomes generated from the Property for the years ended 31 December 2022 and 2023:

	<b>For the years ended</b>	
	<b>31 December</b>	
	<b>2022</b>	<b>2023</b>
	S\$	S\$
Net rental income before taxation	311,315	184,701
Net rental income after taxation	<u>285,186</u>	<u>184,701</u>

## INFORMATION ABOUT THE PARTIES

### The Group and the Vendor

The Group is principally engaged in (i) food and beverage retail business; and (ii) outlet management and leasing business in Singapore.

The Vendor is an indirect wholly-owned subsidiary of the Company, which primarily engages in the ownership and operation of food centres, and operation of food and beverage stalls.

## **The Purchaser**

The Purchaser is trading company and is principally engaged in wholesale trade of a variety of goods. Its largest ultimate beneficial owner is Lin Jianlan who is a citizen of the People's Republic of China and is interested as to 97% of the issued share capital of the Purchaser.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party, and does not have any other past or present relationships (formal or informal, business or otherwise, implied or explicit) with the Company or its connected persons.

## **REASONS FOR THE DISPOSAL**

The group is constantly looking to improve its business and financial performance. One of the ways is to reallocate capital towards other growth prospects as in this case. On this basis, the group will be periodically evaluating its assets and business and will consider divestiture as and when there are suitable offers.

Taking into account the prevailing property market conditions and the gain to be recorded from the Disposal, and Disposal represents a positive opportunity to realise the value of the Property and the Group can diversify its income streams and further enhance value for the Shareholders. On 30 September 2021, the Group acquired this property for S\$7,288,000 from an external party. Taking into account the disposal price of S\$8,800,000 and related expenses for the disposal, the property has generated approximately S\$1.18 million in net profit for the Group from the date of acquisition until the exercise of the Option Agreement.

Based on the above, the Board is of the view that the Disposal would be commercially beneficial to the Group. Thus, the Disposal 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 Disposal is in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS**

The Property is classified as an investment property in the accounts of the Group as at 31 December 2023 and its fair amount is approximately S\$8,350,000 (equivalent to approximately HK\$48,180,000). Based on the consideration of S\$8,800,000 (equivalent to approximately HK\$50,776,000) and taking into account related expenses for the Disposal, the Group is expected to record a gain of approximately S\$214,000 (equivalent to approximately HK\$1,235,000) from the Disposal. The actual amount of gain as a result of the Disposal to be recorded in the Group's account will be subject to review and final audit by the auditor of the Company.

The net proceeds from the Disposal after deducting the related expenses will be approximately S\$8,564,000 (equivalent to approximately HK\$49,414,000). The Company intends to apply the net proceeds from the Disposal for settlement of the bank borrowings which the Vendor financed for the purchase of the Property and general working capital of the Group.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 100%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement, circular and shareholders' approval requirements under the Listing Rules.

## **WRITTEN CONTROLLING SHAREHOLDERS' APPROVAL**

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, none of the Shareholders and their respective associates has any material interest in the Disposal. As such, no Shareholder would be required to abstain from voting on the resolution in respect of the Disposal if the Company were to convene a general meeting for the approval of the Disposal. As at the date of this announcement, Strong Oriental is the controlling Shareholder of the Company and beneficially holds 600,000,000 Shares, representing 75% of the entire issued share capital of the Company. Written approval of the Disposal has been obtained from Strong Oriental. Pursuant to Rule 14.44 of the Listing Rules, such written approval may be accepted in lieu of holding a general meeting of the Company, and accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal.

## **DESPATCH OF CIRCULAR**

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) details of the Disposal; (ii) financial information of the Group; and (iii) a valuation of the Property shall be despatched within 15 business days after publication of this announcement. As more time is required to prepare the information to be included in the circular, the Company will apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules from the Stock Exchange so that the despatch date of the circular can be postponed to a date more than 15 business days after publication of this announcement, which is expected to be on or before 31 July 2024.

## DEFINITIONS

“Board”	the board of Directors
“CKC” or “Vendor”	CK Chu Holdings Pte Ltd, a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	K2 F&B Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 2108)
“Completion Date”	the date within 12 weeks from the date of exercise of the Option or any other dates mutually agreed by the parties
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Properties pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries from time to time
“GST”	Goods and Service Tax in Singapore
“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
“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 30 April 2024 entered into by the Purchaser and the Vendor under which the Vendor agreed to grant the Option to the Purchaser
“Percentage ratios”	has the same meaning ascribed to it under the Listing Rules
“Property”	200 Jalan Sultan, #01-05 Textile Centre, Singapore 199018
“Purchaser”	362 Degree Pte Ltd, a company incorporated under the laws of Singapore with limited liability

“S\$”	Singaporean dollar(s), the lawful currency of Singapore
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*Note:* Unless otherwise stated, the figures in “S\$” are converted into HK\$ at the rate of S\$1.00: HK\$5.77 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 of  
**K2 F&B Holdings Limited**  
**Chu Chee Keong**  
*Chairman*

Singapore, 21 June 2024

*As at the date of this announcement, the directors of the Company are:*

*Executive Directors:*

Mr. Chu Chee Keong (Zhu Zhiqiang)

Ms. Leow Poh Hoon (Liao Baoyun)

*Non-executive Director:*

Mr. Chu Pok Chong, Ivan

*Independent non-executive Directors:*

Mr. Wong Loke Tan

Mr. Mah Seong Kung

Mr. Ng Yong Hwee