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CBK Holdings Limited
國茂控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8428)

DISCLOSEABLE TRANSACTION
IN RELATION TO THE LEASE OF CAUSEWAY BAY SITE
AND
UPDATE ON USE OF NET PROCEEDS FROM RIGHTS ISSUE

THE LEASE OF CAUSEWAY BAY SITE

The Board announces that the Provisional Tenancy Agreement dated 29 April 2024 was signed between Harvest Wealth Enterprises Limited (an indirectly non-wholly-owned subsidiary of the Group) as tenant and Choice Glory Limited as the landlord (an Independent Third Party) in respect of the Lease of the Causeway Bay Site for a term of three years commencing from 1 July 2024 to 30 June 2027 (both days inclusive) with an option to renew for a further three years.

LISTING RULES IMPLICATIONS

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

THE LEASE OF CAUSEWAY BAY SITE

The Board announces that the Provisional Tenancy Agreement dated 29 April 2024 was signed between Harvest Wealth (an indirectly non-wholly owned subsidiary of the Group) as tenant and Choice Glory as the landlord (an Independent Third Party) in respect of the Lease of the Causeway Bay Site for a term of three years commencing from 1 July 2024 to 30 June 2027 (both days inclusive) with an option to renew for a further three years.

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

Date:	29 April 2024
Parties:	(1) Choice Glory Limited, as the landlord, an Independent Third Party; and (2) Harvest Wealth Enterprises Limited, an indirectly non-wholly owned subsidiary of the Company, as tenant
Premises:	Base Floor, V Point, 18 Tang Lung Street, Causeway Bay, Hong Kong
Term:	Three years commencing from 1 July 2024 and expiring on 30 June 2027 (both days inclusive) with an option to renew for a further three years
Rent-free period:	1 July 2024 to 28 September 2024 (both days inclusive)
Total amount payable:	The aggregate amount payable under the Lease is approximately HK\$4.96 million (exclusive of airconditioning charges, management fee, government rates), subject to an additional turnover rent being 10% of the amount by which the restaurant's monthly gross receipts exceeds HK\$2,000,000.

The rent is determined after arm's length negotiations between Choice Glory and Harvest Wealth after taking into consideration the prevailing market price of comparable premises in the vicinity of the Causeway Bay Site.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Group under the Lease amounted to approximately HK\$4.54 million, which is calculated with reference to the present value of the aggregated lease payments, plus estimated reinstatement costs, and discounted by a discount rate of 5.80% to be made under the Lease of the Causeway Bay Site in accordance with HKFRS 16 Leases.

UPDATE ON USE OF NET PROCEEDS FROM RIGHTS ISSUE AND REASON FOR THE BENEFITS OF ENTERING THE LEASE OF THE CAUSEWAY BAY SITE

References are made to the Prospectus, the circular of the Company dated 14 April 2023 and the announcements of the Company dated 6 March 2023, 3 May 2023, 5 June 2023, 13 June 2023 and 10 August 2023, the Company intended to utilize approximately HK\$5.5 million to open new restaurant in Yau Tsim Mong to offer Japanese style cuisine.

Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

As the identified premises in Yau Tsim Mong was leased out and the management of the Company and its subsidiaries (the “**Group**”) has identified another premises in Causeway Bay to offer Chinese style cuisine. After the post era of COVID-19, the management observed that many local customers are more willing to spend on Japanese food in Japan rather than spending on Japanese style cuisine in Hong Kong, worsen by the fact that the strengthening of Hong Kong dollar against overseas currencies further encouraged overseas spending. The management has considered the macro economic situation and the competitive edge and is of the view that Chinese style cuisine is not as easy to be competed by overseas spending as Japanese cuisine and will be able to attract Hong Kong customers to spend locally. The gross floor area of identified premises is approximately 7,000 sq. ft.

The Board currently has no intention to change the planned use of the Net Proceeds as disclosed in the Prospectus and above. The Board confirmed that the above information does not affect any other information contained in the Prospectus. Save as disclosed in this announcement, the content of the Prospectus remains unchanged.

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

The following table sets out the updated breakdown for the use of Net Proceeds and Estimated timeline for unutilised of Net Proceeds:

	Actual Net Proceeds <i>HK\$'000</i>	Amount utilised from Net Proceeds <i>HK\$'000</i>	Amount of Unused Net Proceeds <i>HK\$'000</i>	Estimated timeline for utilisation of unused Net Proceed
Opening new restaurants	11,000	(9,248)	1,752	June 2024
Repayment of debts	5,200	(5,200)	—	N/A
General working capital	2,720	(2,720)	—	N/A
	<u>18,920</u>	<u>(17,168)</u>	<u>1,752</u>	

INFORMATION OF THE PARTIES

Information on the Group and Harvest Wealth

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

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

Information of Choice Glory

Choice Glory is the landlord of the Causeway Bay Site. Choice Glory is a company incorporated in Hong Kong with limited liability, which is wholly-owned by Vision Summit Limited, a company incorporated in the British Virgin Islands. To the best knowledge, information and belief of the Directors having made all reasonable enquiries and the publicly available information, Choice Glory is principally engaged in property investment and the ultimate beneficial owners of Choice Glory is Mr. Kwok Siu Ming and Mrs Kwok Law Kwan Chun, Eleanor.

The Landlord, its ultimate beneficial owners and its respective associates are Independent Third Parties to the Group and its connected persons as defined under the Listing Rules to the best knowledge, information and belief of the Directors.

LISTING RULES IMPLICATION

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DEFINITIONS

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

“Board”	the board of Directors of the Company
“Causeway Bay Site”	Base Floor, V Point, No. 18 Tang Lung Street, Causeway Bay, Hong Kong
“Choice Glory”	Choice Glory Limited, a private company incorporated in Hong Kong with limited liability
“Company”	CBK Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on GEM of the Stock Exchange (stock code: 8428)
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	Rules governing the Listing of Securities on GEM, as amended, modified, and supplemented from time to time
“Group”	the Company and its subsidiaries
“Harvest Wealth”	Harvest Wealth Enterprises Limited, a limited liability company incorporated in Hong Kong and being an indirectly non-wholly owned subsidiary of the Company
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s) issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the GEM Listing Rules
“Lease”	the lease of the Causeway Bay Site
“Prospectus”	prospectus of the Company dated 17 May 2023 in relation to the Rights Issue
“Provisional Tenancy Agreement”	a provisional tenancy agreement dated 29 April 2024 stipulated the principal terms of the Lease
“Rights Issue”	rights issue on the basis of five rights shares for every one share held on the record date, the result of which was announced by the Company on 13 June 2023
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

For and on behalf of
CBK Holdings Limited
Chow Yik
Chairman and Executive Director

Hong Kong, 29 April 2024

As at the date of this announcement, the Board comprises Mr. Chow Yik (Chairman), Mr. He Zhiwei and Mr. Tsui Wing Tak as being executive Directors, and Mr. Yue Dinglong, Ms. Lau Man Kei and Mr. Zhang Yuhao as being independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the 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 <https://cbkholdings.etnet.com.hk>.

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