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K2 F&B HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2108)

SUPPLEMENTAL ANNOUNCEMENT DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

Reference is made to the announcement (the “**Announcement**”) of K2 F&B Holdings Limited (the “**Company**”) dated 12 May 2023 in relation to the discloseable transaction in relation to the disposal of the entire issued share capital of the Target Company. Unless otherwise defined, capitalised terms in this supplemental announcement shall have the same meanings as those defined in the Announcement.

The Company wishes to provide supplemental information in relation to the Disposal.

THE SHARE SALE AGREEMENT

1. The net asset value of the Target Company is S\$611,000 as at 31 December 2022, whereas the net liabilities of the Target Company is S\$304,000 as at 31 December 2021. The last valuation of the Property as of 31 December 2022 was carried out by an established independent qualified professional valuer in Singapore, Knight Frank Pte. Ltd., which valued the Property at S\$4,800,000.
2. The Property has an area of 147.99 m². The Directors reviewed and considered recent commercial property transactions and considered a number of properties with comparable sizes in the range of 130.50 m² to 139.40 m² in determining the consideration. Four relevant transactions were identified and their average unit price per square metre is S\$40,505.50, whereas the Property is sold for the equivalent of S\$43,920.90 per square metre. Of the four relevant transactions, the nearest property with an area of 130.50 square metre was sold in March 2023 for S\$31,697 per square metre.
3. Since the Property is sold at market price or at a premium in comparison with recent transactions of comparable properties in proximity, the Directors considered that the Disposal gives a positive return to the Company, and the terms of the Share Sale Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.
4. The terms of the Disposal had already been finalised when the Share Sale Agreement was signed on 3 May 2023. The management of the Company misunderstood that the Share Sale Agreement is contingent on the payment of the deposit of the Share Sale Agreement. The Company only received the amount of the deposit in clear funds after

clearance of the cheque for the deposit payment on or around 8 May 2023 which led to a delay in the preparation and publication of the announcement. Further delay was also caused by the time taken to ascertain some important financial information in relation to the Target Company and the estimated gain and net proceeds from the Disposal and to confirm the borrowing's early termination clauses in the bank loan agreement.

5. The estimated amount of net proceeds of S\$1,600,000 on the Completion Date is arrived at after taking into account of (i) disposal costs of approximately S\$230,000, (ii) settlement of outstanding loans with bank in the sum of approximately S\$3,670,000, (iii) settlement of outstanding balance with related companies in the sum of approximately S\$939,000, and (iv) miscellaneous costs and expenses of approximately S\$61,000.

By order of the Board of
K2 F&B Holdings Limited
Chu Chee Keong
Chairman

Singapore, 19 May 2023

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)

Ms. Chu Pek Si (Zhu Peishi)

Independent non-executive Directors:

Mr. Wong Loke Tan

Mr. Mah Seong Kung

Mr. Ng Yong Hwee