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K2 F&B HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2108)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of K2 F&B Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (“**FY2024**”) together with the comparative figures for the year ended 31 December 2023 (“**FY2023**”), which have been reviewed by the audit committee of the Company (the “**Audit Committee**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>S\$'000</i>	<i>S\$'000</i>
Revenue	4	57,172	55,740
Fair value gain of investment properties		1,546	6,320
Other income, gains and losses, net	5	1,061	1,242
Cost of inventories consumed		(18,527)	(18,732)
Staff costs		(17,417)	(16,964)
Property rentals and related expenses		(4,572)	(4,362)
Management, cleaning and utilities expenses		(3,325)	(3,403)
Depreciation of property, plant and equipment		(1,738)	(2,028)
Depreciation of right-of-use assets		(3,579)	(2,977)
Other operating expenses		(3,928)	(4,127)
Finance costs	6	(3,616)	(2,790)
Profit before tax	7	3,077	7,919
Taxation	8	(284)	(609)
Profit for the year		2,793	7,310
Other comprehensive (expense)/income			
<i>Item that will be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(3)	–
<i>Item that will not be reclassified to profit or loss:</i>			
Gain on revaluation of properties		–	1,534
Total comprehensive income for the year		2,790	8,844
Profit for the year attributable to:			
Owners of the Company		2,811	7,310
Non-controlling interests		(18)	–
		2,793	7,310
Total comprehensive income attributable to:			
Owners of the Company		2,809	8,844
Non-controlling interests		(19)	–
		2,790	8,844
Earnings per share			
Basic and diluted (in Singapore cents)	10	0.35	0.91

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 <i>S\$'000</i>	2023 <i>S\$'000</i>
Non-current assets			
Investment properties	11	135,600	132,750
Property, plant and equipment	12	48,621	43,473
Right-of-use assets		7,681	9,158
Investment in an associate		4	4
Financial assets at fair value through profit or loss		788	743
Deferred tax assets		28	51
Deposits paid		1,544	1,182
		194,266	187,361
Current assets			
Inventories		159	219
Trade and other receivables	13	612	526
Prepayments and deposits paid		788	1,574
Financial assets at fair value through profit or loss		47	48
Pledged bank deposits		1,015	1,015
Cash and cash equivalents		7,158	7,386
		9,779	10,768
Current liabilities			
Trade payables	14	2,628	3,273
Accruals, other payables and deposits received		6,828	6,033
Borrowings		9,891	7,106
Lease liabilities		3,524	3,353
Tax payables		346	613
		23,217	20,378
Net current liabilities		(13,438)	(9,610)
Total assets less current liabilities		180,828	177,751
Non-current liabilities			
Borrowings		85,777	83,547
Lease liabilities		4,794	6,459
Provision for reinstatement costs		484	302
Other payables and deposits received		565	1,025
		91,620	91,333
Net assets		89,208	86,418
Capital and reserves			
Share capital		1,381	1,381
Reserves		87,846	85,037
Equity attributable to owners of the Company		89,227	86,418
Non-controlling interests		(19)	—
Total equity		89,208	86,418

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

K2 F&B Holdings Limited was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 13 March 2018. Its parent company is Strong Oriental Limited which was incorporated in the British Virgin Islands and the ultimate controlling shareholder of the Company is Mr. Chu Chee Keong, who is also an executive Director. The shares of the Company were listed and traded on the Main Board (the “**Main Board**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 6 March 2019 (the “**Listing Date**”) by way of share offer (the “**Share Offer**”). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The headquarters and principal place of business of the Company in Singapore is located at 51 Ubi Avenue 1, #02-17/18, Paya Ubi Industrial Park, Singapore 408933 and the principal place of business of the Company in Hong Kong is located at Unit 1307A, 13/F., Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are leasing, outlet and stall management of food establishment premises and operation of food and beverage stalls. The consolidated financial statements for FY2024 are presented in Singapore dollars (“**S\$**”), which is the functional currency of the Company. All values are rounded to the nearest thousand (“**S\$’000**”), except when otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

The consolidated financial statements have been prepared in accordance with all applicable IFRSs issued by the International Accounting Standards Board (the “**IASB**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Amendments to IFRSs that are mandatorily effective for FY2024

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB that are first effective for the current accounting period of the Group:

- Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to IAS 1, *Non-current Liabilities with Covenants*
- Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements*

Except as described below, the application of the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in these consolidated financial statements:

Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Amendments to IAS 1 Non-current Liabilities with Covenants

As a result of the adoption of the amendments to IAS 1, the Group changed its accounting policy for the classification of borrowings:

“Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period. Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.”

The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not applied the following new and amendments to IFRSs that have been issued but are not yet effective in these consolidated financial statements.

	Effective for accounting periods beginning on or after
• Amendments to IFRS 9 and IFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
• Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
• Amendments to IFRS Accounting Standards, <i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	1 January 2026
• Amendments to IAS 21, <i>Lack of Exchangeability</i>	1 January 2025
• IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027

The Group has already commenced an assessment of the impact of these new and amendments to IFRSs but is not yet in a position to state whether these new and amendments to IFRSs would have a material impact on its results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

For management's purpose, the Group is organised into two business segments, namely:

(a) Rental and outlet management

The business segment of rental and outlet management operation is involved in the leasing of food establishment premises to tenants and the provision of cleaning and utilities services to tenants (the “**Rental and Outlet Management**”).

(b) Food and beverage stalls

The business segment of food and beverage stalls operation is primarily involved in the retailing of beverage, tobacco products, and cooked food directly to consumers such as mixed vegetable rice, zi char, roasted meat and chicken rice located in food establishments operated and managed by the Group and third parties (the “**Food and Beverage Stalls**”).

The two business segments described above are identified as the operating and reportable segments of the Group for financial reporting purposes. Inter-segment revenue from service income and rental income are priced with reference to prices charged to external parties for similar services and premises, and inter-segment management fee revenue included in service income is charged at a mark-up percentage over staff costs.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

The accounting policy information of the operating segments are the same as the Group's accounting policy information. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments, bank interest income and finance cost on general working capital borrowings.

For the year ended 31 December 2024:

	Rental and Outlet Management S\$'000	Food and Beverage Stalls S\$'000	Unallocated S\$'000	Total S\$'000
Segment revenue				
External revenue from contracts with customers within the scope of IFRS 15	4,679	43,282	–	47,961
External rental income	9,211	–	–	9,211
	13,890	43,282	–	57,172
Inter-segment revenue				
– Rental and service income	23,161	–	–	23,161
Elimination	(23,161)	–	–	(23,161)
	13,890	43,282	–	57,172
Segment profit/(loss)	4,017	2,474	(3,414)	3,077

	Rental and Outlet Management S\$'000	Food and Beverage Stalls S\$'000	Unallocated S\$'000	Total S\$'000
Other segment information				
Included in the measures of segment profit/(loss) and segment assets:				
Fair value gain of investment properties	1,546	–	–	1,546
Finance costs	(3,316)	–	(300)	(3,616)
Addition to non-current assets (<i>Note</i>)	11,682	901	7,824	20,407
Depreciation of property, plant and equipment	(905)	(506)	(327)	(1,738)
Depreciation of right-of-use assets	(3,395)	(184)	–	(3,579)
Staff costs	(3,324)	(10,354)	(3,739)	(17,417)
Property rentals and related expenses	(2,285)	(2,287)	–	(4,572)

Note: Non-current assets included investment properties, property, plant and equipment and right-of-use assets.

	Rental and Outlet Management S\$'000	Food and Beverage Stalls S\$'000	Unallocated S\$'000	Total S\$'000
Reportable segment assets	162,090	9,421	10	171,521
Financial assets at fair value through profit or loss	–	–	835	835
Pledged bank deposits	–	–	1,015	1,015
Deferred tax assets	–	–	28	28
Unallocated property, plant and equipment	–	–	30,646	30,646
Consolidated total assets	162,090	9,421	32,534	204,045
Reportable segment liabilities	88,100	5,472	18,925	112,497
Tax payable	–	–	346	346
Unallocated accruals and other payables	–	–	1,994	1,994
Consolidated total liabilities	88,100	5,472	21,265	114,837

For the year ended 31 December 2023:

	Rental and Outlet Management S\$'000	Food and Beverage Stalls S\$'000	Unallocated S\$'000	Total S\$'000
Segment revenue				
External revenue from contracts with customers within the scope of IFRS 15	3,949	43,891	–	47,840
External rental income	7,900	–	–	7,900
	11,849	43,891	–	55,740
Inter-segment revenue				
— Rental and service income	23,347	–	–	23,347
Elimination	(23,347)	–	–	(23,347)
	11,849	43,891	–	55,740
Segment profit/(loss)	5,477	5,527	(3,085)	7,919
	Rental and Outlet Management S\$'000	Food and Beverage Stalls S\$'000	Unallocated S\$'000	Total S\$'000
Other segment information				
Included in the measure of segment profit/(loss) and segment assets:				
Fair value gain of investment properties	6,320	–	–	6,320
Finance costs	(2,583)	–	(207)	(2,790)
Addition to non-current assets (<i>Note</i>)	3,755	793	4,325	8,873
Depreciation of property, plant and equipment	(1,168)	(551)	(309)	(2,028)
Depreciation of right-of-use assets	(2,764)	(213)	–	(2,977)
Staff costs	(2,846)	(10,544)	(3,574)	(16,964)
Property rentals and related expenses	(2,464)	(1,898)	–	(4,362)

Note: Non-current assets included investment properties, property, plant and equipment and right-of-use assets.

	Rental and Outlet Management S\$'000	Food and Beverage Stalls S\$'000	Unallocated S\$'000	Total S\$'000
Reportable segment assets	157,358	14,018	35	171,411
Financial assets at fair value through profit or loss	–	–	791	791
Pledged bank deposits	–	–	1,015	1,015
Deferred tax assets	–	–	51	51
Unallocated property, plant and equipment	–	–	24,861	24,861
Consolidated total assets	<u>157,358</u>	<u>14,018</u>	<u>26,753</u>	<u>198,129</u>
Reportable segment liabilities	82,116	11,981	16,099	110,196
Tax payables	–	–	613	613
Unallocated accruals and other payables	–	–	902	902
Consolidated total liabilities	<u>82,116</u>	<u>11,981</u>	<u>17,614</u>	<u>111,711</u>

Information about major customers

No single major customer contributed more than 10% of the Group's total revenue. The revenue is spread over a broad base of customers.

Geographical information

The Group operates mainly in Singapore with revenue generated in, and non-current assets situated in, Singapore. Accordingly, an analysis of revenue and non-current assets of the Group by geographical distribution has not been presented.

4. REVENUE

	2024 S\$'000	2023 S\$'000
Revenue from contracts with customers within the scope of IFRS 15		
Sales of goods, recognised on point in time basis		
— Sales of cooked food, beverage and tobacco products	43,282	43,891
Services income, recognised on over time basis		
— Provision of management, cleaning and utilities services to tenants	4,679	3,949
	<u>47,961</u>	<u>47,840</u>
Revenue from other sources		
Rent from leases of premises to tenants	9,211	7,900
	<u>57,172</u>	<u>55,740</u>

5. OTHER INCOME, GAINS AND LOSSES, NET

	2024 S\$'000	2023 S\$'000
Gain on disposal an investment property	450	—
Gain/(loss) on disposal of property, plant and equipment, net	235	(157)
Gain on disposal of a subsidiary	—	1,205
Gain on termination of lease contracts	—	4
Gain on disposal of financial assets at FVTPL [#]	—	30
Exchange gain/(loss)	28	(8)
Interest income	43	3
Dividend income from financial assets at FVTPL [#]	3	10
Fair value gain/(loss) on financial assets at FVTPL [#]	22	(10)
Sundry income	280	165
	<u>1,061</u>	<u>1,242</u>

[#] FVTPL: Fair Value Through Profit or Loss.

6. FINANCE COSTS

	2024 S\$'000	2023 S\$'000
Interest on borrowings	3,753	2,933
Interest on lease liabilities	362	300
	<u>4,115</u>	<u>3,233</u>
Capitalised interest in relation to acquisition of land and development cost	(499)	(443)
	<u>3,616</u>	<u>2,790</u>

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following items:

	2024 S\$'000	2023 S\$'000
(a) Staff costs (including directors' emoluments)		
<i>Salaries and benefits (Note (i))</i>	16,606	16,149
Contribution to defined contribution plans	811	815
	<u>17,417</u>	<u>16,964</u>
(b) Other items		
Cost of inventories consumed (Note (ii))	18,527	18,732
Auditor's remuneration		
— annual audit services	115	110
— non-audit services	34	—
Expenses relating to short-term leases	4,572	4,362
Direct operating expenses arising from investment properties that generated rental income during the year	387	368
	<u>387</u>	<u>368</u>

Notes:

- (i) For the year ended 31 December 2024, manpower related government grants or assistance amounted to S\$379,000 (2023: S\$643,000) have been offset against staff costs. There were no unfulfilled conditions for receiving such government grants or assistance.
- (ii) Cost of inventories consumed mainly includes food and beverages purchase cost of S\$15,400,000 (2023: S\$15,711,000).

8. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor derived from, Hong Kong.

The Singapore Corporate Income tax ("CIT") rate was 17% (2023: 17%) during FY2024. Income tax expense for the Group relates wholly to the profits of the subsidiaries, which were taxed at 17% in Singapore. Major components of income tax expense for the year are:

	2024 S\$'000	2023 S\$'000
Current tax:		
— Singapore CIT	299	281
— (Over)/under provision in respect of prior years	(38)	310
	<hr/>	<hr/>
	261	591
Deferred tax	23	18
	<hr/>	<hr/>
	284	609
	<hr/>	<hr/>

9. DIVIDENDS

The Directors do not recommend the payment of a final dividend for FY2024 (2023: Nil). No interim dividend was declared during FY2024 and FY2023.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately S\$2,811,000 (2023: approximately S\$7,310,000) and the weighted average number of ordinary shares of the Company in issue during FY2024 of 800,000,000 shares (2023: 800,000,000 shares).

No adjustment is made in arriving at dilutive earnings per share as there was no potential ordinary shares in issue for both years.

11. INVESTMENT PROPERTIES

During FY2024, the Group acquired an investment property at Block 710A Ang Mo Kio Avenue 8 #01-2625, Singapore 561710 through acquisition of a subsidiary, New Chance Properties Pte. Ltd. from an external party for a consideration of S\$9,500,000. Concurrently, the Group divested an investment property at 200 Jalan Sultan, #01-05 Textile Centre, Singapore 199018 to an external party for S\$8,800,000. Both transactions were conducted with third parties as part of our ongoing commitment to optimising business and financial performance.

As at 31 December 2024, investment properties with carrying value of approximately S\$124,400,000 (2023: S\$121,750,000) were secured by mortgage loans.

12. PROPERTY, PLANT AND EQUIPMENT

During FY2024, the Group acquired property, plant and equipment at a consideration of approximately S\$8,652,000, which included approximately S\$7,732,000 (2023: S\$4,020,000) for property construction-in-progress. The Group also disposed an property located at 51 Ubi Avenue 1#01-18 Singapore 408933 at the consideration of S\$1,995,000 to an external party.

As at 31 December 2024, property, plant and equipment with net carrying amount of approximately S\$44,069,000 (2023: approximately S\$33,484,000) comprising freehold land and leasehold land and buildings, was secured under mortgage loans.

13. TRADE AND OTHER RECEIVABLES

	2024 S\$'000	2023 <i>S\$'000</i>
Trade receivables	187	291
Other receivables	425	235
	612	526

Ageing analysis of the Group's trade receivables based on invoice date as at the end of the reporting period is as follows:

	2024 S\$'000	2023 <i>S\$'000</i>
0 to 30 days	184	267
31 to 90 days	3	14
91 to 180 days	–	10
	187	291

The Group allows an average credit period of 7 days to its customers.

14. TRADE PAYABLES

	2024 S\$'000	2023 S\$'000
Trade payables	<u>2,628</u>	<u>3,273</u>

Trade payables are non-interest bearing. They are generally settled within 15 days to 90 days credit terms.

As at 31 December 2024 and 2023, trade payables were mainly denominated in Singapore dollars.

Ageing analysis of trade payables based on invoice date as at the end of the reporting period is as follows:

	2024 S\$'000	2023 S\$'000
0 to 30 days	2,623	3,270
31 to 90 days	1	2
91 to 180 days	<u>4</u>	<u>1</u>
	<u>2,628</u>	<u>3,273</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview and Prospect

The core business and revenue structure of the Group remain unchanged. The Group owns and operates food centres in Singapore since 2004. The revenue of the Group is primarily derived from the Group's two main operating business segments, being (i) the rental and outlet management operation which involves the leasing of food establishment premises to tenants and the provision of cleaning and utilities services to tenants (the **"Rental and Outlet Management"**), and (ii) the food and beverage stalls operation which comprises the retailing of beverage, tobacco products, and cooked food directly to consumers such as mixed vegetable rice, zi char, roasted meat and chicken rice located in food establishments operated and managed by the Group and third parties (the **"Food and Beverage Stalls"**).

As at 31 December 2024, the Group owned and managed 24 food centres as follows:

	FY2024	FY2023
Food centres owned and/or managed by the Group	24	24

The following sets forth the changes in the number of food centres owned and/or managed by the Group under the Outlet Management and Leasing Business for the year stated below:

Number of food centres as at 1 January 2024	24
Number of food centres opened during 2024	1
Number of food centres closed during 2024	(1)
Number of food centres as at 31 December 2024	24

The Group operated 48 food and beverage stalls as at 31 December 2024 as follows:

	FY2024	FY2023
In owned properties	14	17
In leased properties	19	27
In food centres managed by independent third parties	15	19
Total	48	63

The following sets forth the changes in the number of food and beverage stalls under the F&B Retail Business for FY2024 stated below:

Number of food and beverage stalls as at 1 January 2024	63
Number of food and beverage stalls opened during 2024	7
Number of food and beverage stalls closed during 2024	(22)
Number of food and beverage stalls as at 31 December 2024	48

The operating environment for the food and beverage industry in Singapore remains challenging and dynamic. Elevated interest rates have led to increased financing costs for businesses, while rising manpower costs and ongoing labour shortages continue to exert pressure on operational expenses. Despite these challenges, the Group has demonstrated resilience, adaptability, and financial discipline, enabling us to navigate market volatility while sustaining business growth. Moving forward, our strategic development initiatives will focus on the following key areas:

- Divesting lower-performing assets to reallocate capital towards higher-value growth opportunities.
- Expanding our network of food outlets, with a focus on high-demand locations that offer strong business potential.
- Strengthening our presence in Singapore by opening new food establishments.
- Upgrading existing food center to create a distinctive and engaging dining experience.

By executing these initiatives, the Group aims to drive sustainable growth and enhance long-term value for our stakeholders.

FINANCIAL REVIEW

Revenue

The Group recorded an increase in revenue of approximately S\$1.5 million or 2.7% from approximately S\$55.7 million for FY2023 to approximately S\$57.2 million for FY2024. This growth was primarily driven by higher revenue from rental and related services income.

The revenue generated from sale of cooked food, beverages and tobacco products decreased by approximately S\$0.6 million or 1.4% from approximately S\$43.9 million for FY2023 to approximately S\$43.3 million for FY2024. The decrease was mainly attributed to the closure of underperforming food and beverage stalls during the financial year as part of the Group's ongoing operational optimisation strategy.

The revenue generated from rental income from lease of premises to tenants and provision of cleaning and utilities services increased by approximately S\$2.1 million or 17.8% from approximately S\$11.8 million for FY2023 to approximately S\$13.9 million for FY2024, which was mainly due to a higher occupancy rate and improved leasing terms compared to FY2023.

The following table sets forth the breakdown of revenue by the three categories:

	2024		2023	
	S\$'000	%	S\$'000	%
Revenue from contracts with customers				
Sales of goods at a point in time				
— Sales of cooked food, beverage and tobacco products	43,282	75.7%	43,891	78.7%
Services income over time				
— Provision of cleaning and utilities services to tenants	4,679	8.2%	3,949	7.1%
	<u>47,961</u>		<u>47,840</u>	
Revenue from other sources				
Rent from leases of premises to tenants	9,211	16.1%	7,900	14.2%
	<u>57,172</u>	<u>100.0%</u>	<u>55,740</u>	<u>100.0%</u>

Both revenue streams from lease of premises and provision of cleaning and utilities services were under the Group's Rental and Outlet Management business segment, while sales of cooked food, beverage and tobacco products was under the Group's Food and Beverage Stalls business segment.

Fair Value Gain of Investment Properties

Fair value gain of investment properties depended largely on economic conditions, property market sentiment and other factors. The fair values of the Group's investment properties were determined by comparable sales method. The assessment of fair values of investment properties was carried out by Knight Frank Pte. Ltd., an established independent qualified professional valuer in Singapore having no connection with the Group, which possesses appropriate qualifications and experience in valuation of investment properties owned by the Group.

Other income, gains and losses, net

Other income, gains and losses, net decreased by approximately S\$0.1 million, or 8.3%, from approximately S\$1.2 million in FY2023 to approximately S\$1.1 million in FY2024. The decline was mainly due to the absence of a one-time gain of approximately S\$1.2 million from the disposal of a subsidiary in FY2023. However, this was partially offset by a gain of S\$0.5 million from the disposal of an investment property in FY2024. Additionally, the Group recorded a gain of S\$0.2 million from the disposal of property, plant, and equipment in FY2024, compared to a loss of S\$0.2 million in FY2023.

Cost of Inventories Consumed

The cost of inventories consumed decreased by approximately S\$0.2 million or 1.1% from approximately S\$18.7 million in FY2023 to approximately S\$18.5 million in FY2024, which was in line with the decrease in revenue from sale of the cooked food, beverages and tobacco products. The cost of inventories consumed decreased at a slower rate as compared to sale of the cooked food, beverages and tobacco products mainly due to the inflation. The cost of inventories consumed primarily represents the cost of purchases of food ingredients for its food and beverage retail business, consisting of fresh and frozen meat, seafood, vegetables, eggs, dried food, canned food, seasonings, beverages, coffee powder and cigarettes.

Staff Costs

Staff costs were the second largest component of the operating expenses and amounted to approximately S\$17.0 million and S\$17.4 million for FY2023 and FY2024, respectively, which accounted for approximately 30.4% and 30.5% of the revenue of the respective periods. The increase of approximately S\$0.4 million or 2.4% was due to the increase in salaries during FY2024.

Property Rentals and Related Expenses

The property rentals and related expenses primarily represent the rental expenses paid for leasing of properties from independent third parties for the operation of short-term food and beverage stalls and food centres. The property rentals and related expenses increased by approximately S\$0.2 million or 4.5% from approximately S\$4.4 million for FY2023 to approximately S\$4.6 million for FY2024, which was mainly due to the higher rental rate in FY2024 compared to FY2023.

Management, Cleaning and Utilities Expenses

The management, cleaning and utilities expenses decreased by approximately S\$0.1 million or 2.9% from approximately S\$3.4 million for FY2023 to approximately S\$3.3 million for FY2024. The decrease was mainly attributable to the decrease in utility expenses as a result of lower electricity tariffs during FY2024.

Other Operating Expenses

Other operating expenses decreased by approximately S\$0.2 million, or 4.9%, from approximately S\$4.1 million in FY2023 to approximately S\$3.9 million in FY2024. The decline was primarily due to (i) lower advertisement and promotion fees paid to food delivery platforms, resulting from a decrease in sales through such platforms; and (ii) a reduction in legal and professional fees as part of the Group's cost control measures. This decrease was partially offset by an increase in donations, as the Group took on greater social responsibility initiatives to enhance its branding.

	2024 S\$'000	2023 S\$'000
Administrative fee	1,016	979
Advertisement and promotion	71	169
Insurance	48	34
Property tax and related costs	625	644
Repairs and maintenance	802	788
Legal and professional fee	554	745
Telephone and communication	58	48
Donation	521	419
Others	233	301
	<u>3,928</u>	<u>4,127</u>

Finance Costs

The finance costs increased by approximately S\$0.8 million or 28.6% from approximately S\$2.8 million for FY2023 to approximately S\$3.6 million for FY2024, which was mainly attributable to higher interest rates on outstanding loans.

Taxation

The income tax expense decreased slightly by approximately S\$0.3 million or 50.0% from approximately S\$0.6 million in FY2023 to approximately S\$0.3 million in FY2024. The decrease was primarily due to underprovision of tax in prior years recognised in FY2023.

Profit for the Year

The decrease in the profit after tax was primarily attributable to (i) decrease in fair value changes of investment properties of approximately S\$4.8 million; (ii) increase in finance costs of approximately S\$0.8 million; (iii) increase in staff costs of approximately S\$0.4 million; (iv) increase in depreciation of right-of-use assets of approximately S\$0.6 million; and partially offset by (v) higher revenue of approximately S\$1.5 million; (vi) decrease in other operating expenses of approximately S\$0.2 million; and (vii) lower cost of inventories consumed of S\$0.2 million.

Capital Commitment

As at 31 December 2024, the Group had no material capital commitment.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

On 14 October 2024, an indirect owned subsidiary of the Company acquired the entire equity interest of New Chance Properties Pte. Ltd at a total consideration of S\$9,500,000.

Foreign Exchange Exposure

As majority of the operations of the Group were located in Singapore, all revenue from customers of the Group were derived from activities in Singapore.

During FY2024, the Group did not experience any significant difficulty or impact on its operations or liquidity due to fluctuations in currency exchange rates. The management will continue to monitor the foreign exchange exposure and take prudent measures to reduce foreign exchange risks.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout FY2024. The finance department of the Group was responsible for treasury management functions, which include, amongst others, researching and evaluating investment options for further consideration by the management and the Board, and monitoring the investments on a continuous basis.

Significant Investment Held

During FY2024, the Group held no significant investment.

Liquidity and Financial Resources

As at 31 December 2024 and 2023, the Group's key financial position indicators as follows:

	2024 S\$'000	2023 S\$'000
Current assets	9,779	10,768
Current liabilities	23,217	20,378
Net current liabilities	(13,438)	(9,610)
Interest-bearing bank borrowings	95,668	90,653
Equity	89,208	86,418

As at 31 December 2024, the Group had aggregate outstanding bank borrowings of approximately S\$95.7 million, which was an increase of approximately S\$5.0 million or 5.5% from approximately S\$90.7 million as at 31 December 2023. The increase was mainly due to new financing secured for the acquisition of an investment property at Block 710A Ang Mo Kio Avenue 8 #01-2625, Singapore 561710. This was partially offset by loan redemptions related to the disposal of investment properties at 200 Jalan Sultan, #01-05 Textile Centre, Singapore 199018, and 51 Ubi Avenue 1 #01-18, Singapore 408933.

These bank borrowings consisted of term loans, secured mortgage loans and working capital loan. The working capital loan, term loans and secured mortgage loans related to financing for the purchase of property, plant and equipment and investment properties were secured by the respective assets, corporate guarantee provided by the Company and its subsidiaries.

The Group had unutilised banking facilities of approximately S\$10.8 million. The Group aims at maintaining flexibility in funding by keeping sufficient bank balances and committed credit lines available to manage its business in a manner consistent with the short-term and long-term financial strategies of the Group.

Gearing Ratio

Gearing ratio is calculated based on the interest-bearing liabilities divided by the total equity as at the respective year/period end and multiplied by 100%. The Group's interest-bearing liabilities mainly comprised bank borrowings for the purchase of the properties. As at 31 December 2024, the Group's gearing ratio was approximately 107.2%, increased from approximately 104.9% as at 31 December 2023. The change in the Group's gearing ratio was primarily due to new financing secured for the acquisition of an investment property at Block 710A Ang Mo Kio Avenue 8 #01–2625, Singapore 561710.

Employees and Remuneration Policies

As at 31 December 2024, the Group had a total of 381 employees (2023: 412). The Group's remuneration policies were in line with the prevailing market practice and were determined on the basis of performance, qualification and experience of each individual employee. The Group recognised the importance of a good relationship with its employees. The remuneration payable to its employees included salaries, allowances and performance bonuses.

Annual General Meeting

The forthcoming annual general meeting of the Company (the “**Annual General Meeting**”) will be held on 27 June 2025. Notice of the Annual General Meeting and all other relevant documents will be published and despatched to shareholders of the Company in due course.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 24 June 2025 to Friday, 27 June 2025, both days inclusive, during which no transfer of shares of the Company will be registered. To be eligible to attend and vote at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited of 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 June 2025.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Rules Governing the Listing of securities on the Stock Exchange (the “**Listing Rules**”) as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries to all Directors, all Directors confirmed that they had fully complied with the relevant requirements set out in its own code of conduct for FY2024.

Compliance with Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as its own code of corporate governance. Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organisation structure of the Company, Mr. Chu Chee Keong is the chairman of the Board and the chief executive officer of the Company. With extensive experience in the food and beverage industry, the Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprised experienced and high calibre individuals. The Board currently comprises three executive Directors and three independent non-executive Directors and therefore has a strong independence element and diversity in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code since the listing date and up to the date of this announcement. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Purchase, Sale or Redemption of the Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during FY2024.

Events after the Reporting Date

There were no significant events after FY2024 and up to the date of this announcement.

Audit Committee

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) comprised three independent non-executive Directors, namely Mr. Mah Seong Kung (Chairman), Mr. Ng Yong Hwee and Mr. Wong Loke Tan.

The Audit Committee has discussed with management and reviewed the consolidated financial statements of the Group for FY2024.

Scope of work of Fan, Chan & Co. Limited

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for FY2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, Fan, Chan & Co. Limited, to the amounts set out in the Group’s audited consolidated financial statements for FY2024. The work performed by Fan, Chan & Co. Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Fan, Chan & Co. Limited on the preliminary announcement.

Publication of the Results Announcement and Annual Report

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fuchangroup.com), and the annual report of Company for FY2024 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Singapore, 28 March 2025

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)
Mr. Chu Pok Chong, Ivan

Independent non-executive Directors:

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