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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 DISPOSAL OF ASSETS

On 1 June 2019, the Vendor and the Purchaser entered into the Assets Transfer Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Assets for a consideration of HK\$500,000. Details of the Assets Transfer Agreement are set out in this announcement below.

As the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the Disposal exceeds 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 1 June 2019, the Vendor and the Purchaser entered into the Assets Transfer Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Assets for a consideration of HK\$500,000. Details of the Assets Transfer Agreement are set out in this announcement below.

ASSETS TRANSFER AGREEMENT

The principal terms of the Assets Transfer Agreement are set out as follows:

Date: 1 June 2019

Parties: (1) the Vendor, an indirect wholly-owned subsidiary of the Company and the operating company of CPE; and
(2) the Purchaser

The Purchaser is a company incorporated in Hong Kong and owned by a former employee of the Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

Assets to be disposed of: The fixed assets to be disposed of comprise all the machinery, equipment, tools, decorations, furniture, furnishings used in or relating to the operation of CPE.

Consideration: HK\$500,000.

Payment terms: The sum of HK\$500,000 shall be paid by the Purchaser to the Vendor upon completion of the Assets Transfer Agreement.

The consideration for the Assets Transfer Agreement was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the book value of the machinery, equipment, tools, and furniture comprising the Assets as at 31 March 2019.

Completion of the Disposal took place immediately after signing of the Assets Transfer Agreement.

FURTHER INFORMATION ABOUT THE ASSETS

The book value of the Assets as at 31 March 2019 was approximately HK\$215,000 based on the unaudited management accounts of the Vendor.

Set forth below is the financial information attributable to the Assets for the years ended 31 March 2018 and 2019:

	Year ended 31 March 2018	Year ended 31 March 2019 (Unaudited)
Net loss (after taxation and extraordinary items)	HK\$123,000	HK\$103,000

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in operating a hotpot specialty restaurant chain serving hotpot dining in Hong Kong.

Considering the declining operational and financial performance of CPE, it is agreed between the landlord of the Premises and Smart Sky (the operating company of CPE) that the existing tenancy for CPE will not be renewed and has expired on 31 May 2019. Accordingly, the Group's business operation in CPE has ceased with effect from 31 May 2019. The Directors considered that the Disposal will enable the Company to realise its assets and to use the proceeds for developing its business.

The net proceeds from the Disposal will be used as the Group's general working capital.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group is principally engaged in operating a hotpot specialty restaurant chain serving hotpot dining in Hong Kong.

The Vendor is an indirect wholly-owned subsidiary of the Company and was engaged in the operations of CPE.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) the Purchaser is a company incorporated in Hong Kong with limited liability and is engaged in restaurant operations; (ii) the Purchaser is owned by a former employee of the Group; and (iii) the Purchaser and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

FINANCIAL EFFECT OF THE DISPOSAL

For illustrative purpose, based on (i) the book value of the Assets as at 31 March 2019 in the amount of approximately HK\$215,000 as shown in the unaudited management accounts of the Vendor; and (ii) the consideration of HK\$500,000, it is estimated that the Group will record a net gain of approximately HK\$285,000 from the Disposal.

Shareholders should note that the actual amount of the profit on the Disposal to be recognised in the consolidated financial statements of the Company depends on the value of the Assets as at the date of the Assets Transfer Agreement and therefore may be different from the amount as mentioned above.

IMPLICATIONS OF THE GEM LISTING RULES

As the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the Disposal exceeds 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Assets”	collectively, all the machinery, equipment, tools, decorations, furniture, furnishings used in or relating to CPE;
“Assets Transfer Agreement”	the assets transfer agreement dated 1 June 2019 and entered into between the Purchaser and the Vendor in respect of the Disposal;
“Board”	the board of Directors;
“CPE”	a hot pot restaurant operated by the Group and comprising Calf Bone King (小肥牛火鍋活魚專門店) and CBK Prince Club (小肥牛太子會) located in the Premises;
“Company”	CBK Holdings Limited (國茂控股有限公司), an exempted company incorporated in the Cayman Islands, the shares of which are listed on GEM (Stock Code: 8428);
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Assets by the Vendor pursuant to the Assets Transfer Agreement;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time;
“Group”	collectively, the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, 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)”	third party or parties who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are independent of the Company and its connected persons (as defined in the GEM Listing Rules);
“Premises”	the premises located at G/F (Now known as Shop No. 8) of No. 8 & 10 Tai Nan Street and Entire 1/F–3/F, 6 Tai Nan Street, Prince Edward, Kowloon, Hong Kong;

“Purchaser”	Union Rich Asia Investment Limited, a company incorporated in Hong Kong with limited liability which is owned by an Independent Third Party;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Vendor”	Smart Sky Enterprise Limited, being a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company which was engaged in the operations of CPE; and
“%”	per cent.

For and on behalf of the Board
CBK Holdings Limited
WONG Wai Fong
Chairman and Executive Director

Hong Kong, 2 June 2019

As at the date of this announcement, the chairman and the executive director of the Company is Ms. WONG Wai Fong, the executive director of the Company is Mr. CHAN Lap Ping; and the independent non-executive directors of the Company are Mr. CHAN Hoi Kuen Matthew, Mr. CHUNG Wing Yin and Mr. LAW Yui Lun.

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 GEM website at www.hkgem.com on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at www.cbk.com.hk.

* For identification purposes only