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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)

CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus of CBK Holdings Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) dated 27 January 2017 (the “**Prospectus**”) in relation to the listing of the issued shares of the Company on the Stock Exchange by way of placing (the “**Listing**”); and (ii) the announcements of the Company dated 23 December 2020 and 12 March 2021 (the “**Announcements**”) in relation to the acquisition of 51% equity interest in the target company (the “**Acquisition**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the Announcements.

CHANGE IN USE OF PROCEEDS

As disclosed in the Prospectus, the net proceeds from the Listing of approximately HK\$53.5 million (the “**Net Proceeds**”) will be utilized by the Group in accordance with the planned use of proceeds set out in the Prospectus. The Board resolved to change the use of the unutilized Net Proceeds from the Listing amounted to approximately HK\$22.4 million (the “**Unutilized Net Proceeds**”) as follows:

Use of Net Proceeds	Actual	Unutilized	Revised allocation of		Estimated timeline for utilization of the Unutilized Net Proceeds
	Net Proceeds HK\$'000	Net Proceeds HK\$'000	Unutilized Net Proceeds HK\$'000	%	
Opening new hotpot restaurants	27,000	12,520	3,000	13.4	31 March 2022
Setting up a central kitchen	6,000	5,215	—	—	
Settlement of balance of consideration payable for the Acquisition	—	—	9,000	40.2	30 June 2021
Enhancement of existing hotpot restaurants	12,000	3,243	2,000	8.9	31 March 2022
Strengthening information technology system	2,000	1,425	—	—	
Setting up a new head office	3,000	—	—	—	
General working capital	3,500	—	8,403	37.5	31 March 2022
Total	53,500	22,403	22,403	100.0	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Group is principally engaged in the provision of food catering services through a chain of hotpot specialty restaurants in Hong Kong. In view of the outbreak of novel coronavirus disease (COVID-19) pandemic (the “**Pandemic**”) since January 2020, the food and beverage industry in Hong Kong has been seriously affected. The impact of the Pandemic has not been passed and the social distancing measures were still maintained by the Hong Kong Government to control and prevent the disease infection as at the date of this announcement.

Due to the social unrest since June 2019 and the Pandemic, the Group ceased operation of certain hotpot restaurants in 2019 and 2020 to minimize the operation loss to protect the interest of the Shareholders. As such, the planned amount for enhancement for these hotpot restaurants was no longer required. Despite the above, in order to resume the existing business of the Group, the Group always looks for suitable locations with reasonable rental expenses for the opening of new restaurants. The Group will also assess the necessity of setting up a central kitchen, subject to the success of opening new restaurants to enjoy benefits from economics of scale. In view that the Pandemic has yet to be ended, the Group currently adopts a prudent approach towards the establishment of new restaurants and central kitchen, which are capital intensive investments. It is the current intention of the Group to execute its development plan as described above, subject to (i) development of the Pandemic; (ii) assessment on the new restaurants and central kitchen; and (iii) the resources of the Group.

As disclosed in the Announcements, the Group conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Target Shares for a consideration of HK\$10,000,000, which shall be satisfied by way of cash payment. The Target Company is operated in the food industry and is principally engaged in frozen aquatic products processing, surimi and aquatic product dry and preserved processing and sales and trading of aquatic products. As the date of this announcement, the Acquisition is pending for the completion of registration of the Group as a shareholder at the relevant authorities in the PRC. Upon completion of such registration, completion of the Acquisition shall take place. In view of the Pandemic which caused serious impact on the food and beverage industry, it is difficult for the Group to obtain borrowings from the banks for investments. In addition, the Group does not have any properties which can be pledged to banks for obtaining the borrowings. Since the Acquisition would broaden the Group’s source of income and diversify its business portfolio, including but not limited to the services and products types and the different geographical location, the Company is of the view that the completion of the Acquisition is in the interests of the Company and the Shareholders as a whole.

In view of the above and to better utilize the resource of the Group under the current circumstances, the Board resolved to allocate the Unutilised Net Proceeds of approximately HK\$17.4 million as to approximately HK\$9.0 million for the settlement of the balance of consideration payable for the Acquisition and approximately HK\$8.4 million for the general working capital of the Group.

The Board is of the view that the use of proceeds should appropriately adjusted to better meet the current economic climate and is more beneficial to the Group's operational needs in combatting the challenges brought by the Pandemic. The Directors consider that the development direction of the Company is still in line with the disclosures in the Prospectus in spite of the change in use of proceeds as stated above. As at the date of this announcement, the Directors confirm that there is no material change in the nature of business of the Group as set out in the Prospectus. The Directors consider that the change is in the best interest of the Company and Shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

The Directors will continuously assess the plans for the use of Unutilized Net Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions and strive for better business performance for the Group.

By order of the Board
CBK Holdings Limited
Chow Yik
Chairman

Hong Kong, 8 April 2021

As at the date of this announcement, the chairman and an executive Director is Mr. CHOW Yik, the executive Director is Mr. CHAN Lap Ping and Mr. TSUI Wing Tak and the independent non-executive Directors are Mr. CHAN Hoi Kuen Matthew, Mr. LAW Yui Lun, Mr. LU Jun Bo and Ms. Wong Syndia D.

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 "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the website of the Company at www.cbk.com.hk.

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