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If you have sold or transferred all your shares in K2 F&B Holdings Limited, you should at once forward this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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K2 F&B HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2108)

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF
THE PROPERTY**

A letter from the Board is set out on pages 3 to 10 of this circular.

The Disposal has been approved by written shareholders' approval from a Shareholder holding more than 50% of the issued share capital of the Company pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

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DEFINITIONS

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

“2023 Annual Report”	the annual report of the Company for the year ended 30 June 2023
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CKC” or “Vendor”	CK Chu Holdings Pte Ltd, a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	K2 F&B Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 2108)
“Completion”	completion of the Disposal which took place on 11 September 2024
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal in the amount of S\$8,800,000 (equivalent to approximately HK\$50,776,000)
“Director(s)”	the director(s) of the Company
“Disposal”	the Disposal of the Property pursuant to the Option Agreement
“Group”	the Company and its subsidiaries
“GST”	goods and services tax of Singapore
“HDB”	Housing & Development Board of Singapore
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	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, are not core connected persons of the Company and are third parties independent of the Company and its core connected persons in accordance with the Listing Rules

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Option”	the option granted by the Vendor to the Purchaser pursuant to the terms and conditions of the Option Agreement for the sale and purchase of the Property
“Option Agreement”	the option agreement dated 30 April 2024 entered into by the Purchaser and the Vendor under which the Vendor agreed to grant the Option to the Purchaser
“Property”	200 Jalan Sultan, #01-05 Textile Centre, Singapore 199018
“Purchaser”	362 Degree Pte Ltd, a company incorporated under the laws of Singapore with limited liability
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this circular, unless otherwise indicated, conversion of HK\$ into S\$ is calculated at the approximate exchange rate of S\$1.00: HK\$5.77. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

LETTER FROM THE BOARD

K2 F&B HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2108)

Executive Directors:

Mr. Chu Chee Keong (Zhu Zhiqiang)
(Chairman and Chief Executive Officer)
Ms. Leow Poh Hoon (Liao Baoyun)
Mr. Chu Pok Chong, Ivan
(Assistant Chief Executive officer)

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Independent Non-executive Directors:

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

*Principal place of business
in Hong Kong:*

Unit 1307A, 13/F
Two Harbourfront
22 Tak Fung Street
Hung Hom, Kowloon
Hong Kong

*Headquarters and principal place
of business in Singapore:*

51 Ubi Avenue 1
#02-17/18 Paya Ubi Industrial Park
Singapore 408933

29 November 2024

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF THE PROPERTY

INTRODUCTION

Reference is made to the announcement of the Company dated 21 June 2024. On 30 April 2024, the Purchaser was granted the Option by the Vendor to purchase the Property pursuant to the Option Agreement to acquire the Property from the Vendor at a total consideration of S\$8,800,000 (equivalent to approximately HK\$50,776,000). The Property is currently used for leasing out as a restaurant.

Completion took place on 11 September 2024.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with: (i) further information on the Disposal and the transactions contemplated thereunder; (ii) financial information of the Group; (iii) a valuation report of the Property; and (iv) other information as required under the Listing Rules.

THE OPTION AGREEMENT

The terms and conditions for the sale and purchaser of the Property are set out in the Option Agreement of which its principal terms are summarised below:

Date : 30 April 2024

Parties: : (1) 362 Degree Pte Ltd, as the Purchaser; and
(2) CK Chu Holdings Pte Ltd, as the Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : Pursuant to the Option Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Property in accordance with the terms and conditions of the Option Agreement.

Consideration : S\$8,800,000 (equivalent to approximately HK\$50,776,000). The consideration is payable in the following manner:

- (i) the option fee to purchase the Option under the Option Agreement amounting to 1% of the total consideration (being S\$88,000) of the sale and purchase of the Property was paid on 1 May 2024 and shall be treated as part payment of the total consideration of the Acquisition;
- (ii) a further part payment of 4% of the total consideration (being S\$352,000) shall be payable at the time of exercising the Option;
- (iii) a further part payment of S\$3,000,000 shall be payable 6 weeks after exercising the option; and
- (iv) the remaining balance of the consideration (being S\$5,360,000) together with the prevailing GST (being S\$792,000) shall be payable upon Completion.

The total consideration for the Disposal was determined upon arm's length negotiation between the Purchaser and the Vendor, having regard to (i) the location of the Property; and (ii) the preliminary valuation of the Property indicated by an independent valuer.

LETTER FROM THE BOARD

The Directors consider the valuation method and assumptions adopted by Colliers International Consultancy & Valuation (Singapore) Pte Ltd to be fair and reasonable and in line with market standards given, among other matters, the data available to them as aforesaid and the fact that the valuer is reputable, licensed and conducted the valuation pursuant to internationally and domestically accepted standards.

All the Consideration had been duly settled by the Purchaser in cash upon Completion.

Completion : Completion shall take place within twelve (12) weeks from the date of exercise of the Option or any other dates mutually agreed by the parties.

Completion took place on 11 September 2024.

Conditions precedent : Completion is conditional upon the following conditions being satisfied before the completion date:

- (i) the Disposal is subject to shareholders' approval of the Vendor and the Company;
- (ii) the Disposal is subject to the "Law Society of Singapore's Conditions of Sale 2020" in so far as the same are applicable to a sale by private treaty and are not varied by or inconsistent with the conditions in the Option Agreement;
- (iii) the Disposal shall be subject to the Purchaser receiving satisfactory replies to the legal requisitions to the various Government Departments and local authorities;
- (iv) the title to the Property shall be in order and be properly deducted and free from encumbrances;
- (v) the Property is sold subject to all party walls and other easements, if any; and
- (vi) the Property is sold on an "as is where is" basis.

All the conditions precedent had been fulfilled and Completion took place on 11 September 2024.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE DISPOSAL

The Property is classified as an investment property in the accounts of the Group as at 31 December 2023.

The audited carrying value of the Property as at 31 December 2023 was approximately S\$8,350,000 (equivalent to approximately HK\$48,180,000) and the unaudited carrying value of the Property was approximately S\$8,350,000 (equivalent to approximately HK\$48,180,000) as at 30 June 2024. The value of the Property is S\$8,800,000 (equivalent to approximately HK\$50,776,000) as per the valuation report on the Property prepared by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent property valuer, as set out in Appendix II to this circular.

Based on the consideration of S\$8,800,000 (equivalent to approximately HK\$50,776,000) and taking into account related expenses for the Disposal, the Group is expected to record a gain of approximately S\$214,000 (equivalent to approximately HK\$1,235,000) from the Disposal. The actual amount of gain as a result of the Disposal to be recorded in the Group's account will be subject to review and final audit by the auditor of the Company.

The net proceeds from the Disposal after deducting the related expenses will be approximately S\$8,564,000 (equivalent to approximately HK\$49,414,000). The Company intends to apply the net proceeds from the Disposal for settlement of the bank borrowings which the Vendor financed for the purchase of the Property (approximately S\$5,496,000) and general working capital of the Group (approximately S\$3,068,000).

Upon Completion, based on the audited carrying value of the Property and the Consideration, the Group is expected to record (i) a gain of approximately S\$214,000 (equivalent to approximately HK\$1,235,000); (ii) a decrease of non-current assets of approximately S\$8,350,000 (equivalent to approximately HK\$48,180,000), being the unaudited carrying value of the Property as at 30 June 2024; (iii) a decrease in total current and non-current liabilities of approximately S\$5,496,000 (equivalent to approximately HK\$31,712,000), being the bank borrowings financed for the purchase of the Property; and (iv) an increase in current assets of approximately S\$3,068,000 (equivalent to approximately HK\$17,702,000).

Save as disclosed above, the Disposal will not have any material impact on the earnings, assets and liabilities of the Group.

LETTER FROM THE BOARD

INFORMATION OF THE PARTIES TO THE OPTION AGREEMENT

The Group and the Vendor

The Group is principally engaged in (i) food and beverage retail business; and (ii) outlet management and leasing business in Singapore.

The Vendor is an indirect wholly-owned subsidiary of the Company, which primarily engages in the ownership and operation of food centres, and operation of food and beverage stalls.

The Purchaser

The Purchaser is trading company and is principally engaged in wholesale trade of a variety of goods. Its largest ultimate beneficial owner is Lin Jianlan who is a citizen of the People's Republic of China and is interested as to 97% of the issued share capital of the Purchaser.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party, and does not have any other past or present relationships (formal or informal, business or otherwise, implied or explicit) with the Company or its connected persons.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the counterparties of the transaction (i.e. the Purchaser) and (b) the Company, any connected person at the Company's level and/or any connected person of the Company's subsidiaries involved in the transaction.

INFORMATION OF THE PROPERTY

The Property is located at 200 Jalan Sultan, #01–05 Textile Centre, Singapore 199018. It has a total area of approximately 311 square metres, comprising two separate lots, namely Lot No. TS15-U271 and Lot No. TS15-U27211 and a remaining lease of about 45 years.

The Property is currently used for leasing out as a restaurant.

Set out below are the net rental incomes generated from the Property for the years ended 31 December 2022 and 2023:

	For the year ended 31 December	
	2022	2023
	S\$	S\$
Net rental income before taxation	311,315	184,701
Net rental income after taxation	285,186	184,701

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

The group is constantly looking to improve its business and financial performance. One of the ways is to reallocate capital towards other growth prospects as in this case. On this basis, the group will be periodically evaluating its assets and business and will consider divestiture as and when there are suitable offers.

Taking into account the prevailing property market conditions and the gain to be recorded from the Disposal, and Disposal represents a positive opportunity to realise the value of the Property and the Group can diversify its income streams and further enhance value for the Shareholders. On 30 September 2021, the Group acquired the Property for S\$7,288,000 from an external party. Taking into account the disposal price of S\$8,800,000 and related expenses of approximately S\$236,000 (equivalent to approximately HK\$1,362,000) for the disposal, the Property has generated approximately S\$1.28 million in net profit for the Group from the date of acquisition until the exercise of the Option Agreement.

Based on the above, the Board is of the view that the Disposal would be commercially beneficial to the Group. Thus, the Disposal is in line with the Company's business strategy and future plans.

Given that the Option Agreement was entered into on normal commercial terms with consideration being determined based on the market value of the Property and similar properties in similar locations and are fair and reasonable, the Directors consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

According to Rule 14.73, the grant, acquisition, transfer or exercise of an option by a listed issuer will be treated as a transaction and classified by reference to the percentage ratios. The termination of an option by a listed issuer will be treated as a transaction and classified by reference to the percentage ratio, unless the termination is in accordance with the terms of the original agreement entered into by the listed issuer and does not involve payment of any amounts by way of penalty, damages or other compensation. The listed issuer must comply with the requirements of the relevant classification and other specific requirements of rules 14.74 to 14.77.

According to Rule 14.74, the following apply to an option involving a listed issuer, the exercise of which is not at the listed issuer's discretion:

- (1) on the grant of the option, the transaction will be classified as if the option had been exercised. For the purpose of the percentage ratios, the consideration includes the premium and the exercise price of the option; and
- (2) on the exercise or transfer of such option, such exercise or transfer must be announced by the listed issuer by means of an announcement published in accordance with Rule 2.07C as soon as reasonably practicable if the grant of the option has previously been announced pursuant to the requirements of this Chapter.

LETTER FROM THE BOARD

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Option and the transactions contemplated thereunder is more than 25% but are less than 75%, the Option constitutes a major transaction of the Company and is therefore subject to reporting, announcement and Shareholder's approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.34 of the Chapter 14 of the Listing Rules, as soon as possible after the terms of, among others, a major transaction have been finalized, the listed issuer must publish an announcement as soon as possible.

As the exercise of the Option was not at the Company's discretion, when the Option was granted by the Vendor to the Purchaser on 30 April 2024, the transaction had been classified as if the Option had been exercised, and the Company shall publish an announcement as soon as possible thereafter. The Company did not announce the Disposal on a timely basis in accordance with the Listing Rules due to inadvertent misinterpretation of relevant requirements of the Listing Rules. Providing material information to the Shareholders and investors of the Company on a timely basis in accordance with the Listing Rules is always considered important. The Company will work with its advisers to ensure that the Company will be compliant with the Listing Rules, and arrange appropriate training to the Directors and management of the Company in respect of the Listing Rules, in particular Chapters 14 and 14A.

In order to enhance the knowledge and recognition of and comply with the requirements of the Chapter 14 of the Listing Rules, and make disclosure of the future transaction on a timely basis, the Company will (i) work with its advisers to ensure the future announcements shall be published in a timely manner in accordance with the Listing Rules; (ii) arrange a training, in particular Chapters 14 and 14A of the Listing Rules, to the Directors, management and officers of the Company who may get involved in negotiating and handling transaction and/or reviewing and drafting agreement.

WRITTEN SHAREHOLDERS' APPROVAL AND RECOMMENDATIONS

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval in lieu of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company having the right to attend and vote at the general meeting to approve the Disposal.

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Disposal, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal.

LETTER FROM THE BOARD

The Company has obtained a written approval from Strong Oriental Limited, a controlling shareholder of the Company holding 600,000,000 Shares, representing 75.0% of the total issued share capital of the Company, in relation to the Disposal. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Disposal.

For Shareholders' reference, the Directors are of the view that the Option Agreement, the Disposal and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole, and would have recommended the Shareholders to vote in favour of such resolutions based on the reasons set out in this letter if the Company were to convene an extraordinary general meeting for the approval of the Disposal and voting was required.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board of
K2 F&B Holdings Limited
Chu Chee Keong (Zhu Zhiqiang)
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fuchangroup.com), respectively:

- (i) the annual report of the Company for the year ended 31 December 2021 published on 25 April 2022 (pages 127 to 239):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042500989.pdf>

- (ii) the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 129 to 243):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701401.pdf>

- (iii) the annual report of the Company for the year ended 31 December 2023 published on 29 April 2024 (pages 129 to 227):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042901963.pdf>

- (iv) the interim report of the Company for the six months ended 30 June 2024 published on 27 September 2024 (pages 2 to 17):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0927/2024092702139.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2024, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following indebtedness:

Bank borrowings

As at the close of business on 30 September 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had aggregate outstanding bank borrowings of approximately S\$94,902,000 (equivalent to approximately HK\$547,584,000).

These bank borrowings consist of term loans, secured mortgage loans and working capital loan. The working capital loans, term loans and secured mortgage loans relate to the financing of the purchase of property, plant and equipment and investment properties, details of which are as follows:

	As at 30 September 2024 S\$'000
The Group	
Unsecured bank borrowings ¹	968
Secured bank borrowings ²	<u>93,934</u>
 Total	 <u>94,902</u>

Notes:

1. Such balances were covered by corporate guarantees provided by the Company and its subsidiaries.
2. Such balances were secured by the Property, property, plant and equipment, investment properties, fixed deposits, future rental income, and corporate guarantees provided by the Company and its subsidiaries. The amount of borrowings that are secured but not covered by guarantees amount to approximately S\$3,432,000.

As at the latest practicable date, our Group had unutilised banking facilities of approximately S\$14,019,000 (equivalent to approximately HK\$80,890,000).

Our Directors confirmed that the agreements under our bank borrowings do not contain any covenant that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirmed that we had no material defaults in payment of trade and non-trade payables and bank borrowings, nor did we breach any financial covenants during the year ended 31 December 2023 and up to the latest practicable date. Our Directors further confirmed that during the year ended 31 December 2023 and up to the latest practicable date, we did not experience any difficulty in obtaining credit facilities, or withdrawal of facilities, request for early repayment, default in payments or breach of financial covenants of bank borrowings.

Contingent liabilities

As at latest practicable date, we did not have any contingent liabilities. Our Directors confirmed that there was no material adverse change in our Group's indebtedness and contingent liabilities as at 30 September 2024, being the latest practicable date for the purpose of this statement of indebtedness.

Lease liabilities

As at 30 September 2024, being the latest practicable date for the purpose of this statement of indebtedness, the Group had current lease liabilities of approximately S\$3,280,000 (equivalent to approximately HK\$18,926,000) and non-current lease liabilities of S\$5,500,000 (equivalent to approximately HK\$31,735,000). Save as aforesaid and apart from intra-group liabilities and normal trade payables, at the latest practicable date, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, financial lease, hire purchases commitments, guarantees or other material contingent liabilities.

Save as disclosed above, and apart from intra-group liabilities and normal accounts payables in the ordinary course of business of the Group, as at 30 September 2024, being the latest practicable date for the purpose of preparing this statement of indebtedness, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowing (including but not limited to bank overdrafts and liabilities under acceptance (other than normal trade bills)), acceptance credits, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, any other mortgages and charges or any other material contingent liabilities or guarantees.

3. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after taking into account the Group's internal resources, cash flow from operations, external borrowings, currently available banking and other facilities, and the effects of the Completion, the Group will have sufficient working capital to meet its present requirements and for the period up to twelve months from the date of this circular in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As at the Latest Practicable Date, the Group operated 63 food and beverage stalls in Singapore, and there were 24 food centres owned and/or managed by the Group. 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 management, 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"**).

The Board believes that the Disposal is conducive to the Group's business strategies taking into consideration the prevailing property market conditions and the gain to be recorded from the Disposal, the Disposal represents a positive opportunity to realise the value of the Property and the Group can diversify its income streams and further enhance value for the Shareholders.

The Group strategically acquired the Property for S\$7,288,000 from an external party. The subsequent disposal at S\$8,800,000, after accounting for related expenses, has generated approximately S\$1.28 million in net profit for the Group from the acquisition date until the exercise of the Option Agreement.

The Board views this Disposal as a key component of the Company's overall business strategy, demonstrating a successful execution of its plan to enhance value through strategic asset management. The Option Agreement was entered into on standard commercial terms, with the consideration reflecting the market value of the Property and comparable assets in similar locations. The Directors are confident that this Disposal is aligned with the Company's strategic objectives and serves the best interests of both the Company and its Shareholders.

6. VALUATION REPORT RECONCILIATION

The table below sets out (i) the reconciliation of the audited fair values of the Property as at 31 December 2023 and the unaudited fair value of the Property as at 30 June 2024; and (ii) the reconciliation of the unaudited fair value of the Property and the valuation of the Property as at 31 August 2024:

	S\$
Fair value of the Property as at 31 December 2023 and 30 June 2024	<u>8,350,000</u>
Valuation surplus as at 31 August 2024	<u>450,000</u>
Valuation as at 31 August 2024	<u><u>8,800,000</u></u>



Colliers International Consultancy &
Valuation (Singapore) Pte Ltd
12 Marina View,
#17-02, Asia Square Tower 2,
Singapore 018961

31 August 2024

The Board of Directors
CK Chu Holdings Pte Ltd
51 Ubi Avenue 1 #02-17/18
Paya Ubi Industrial Park
Singapore 408933

Dear Sirs

**VALUATION OF 200 JALAN SULTAN, #01-05 TEXTILE CENTRE, SINGAPORE
199018 (THE “PROPERTY”)**

In accordance with our terms of engagement dated 9 July 2024, we attach our report setting out our opinion of the value of the “Property” as at 31 August 2024.

We confirm that we have carried out an inspection of the Property, made relevant investigations and obtained such further information as we consider necessary as to allow us to provide you with our opinion of value, as at 31 August 2024, for a proposed sale by the Group.

We have carried out the title search relating to the Property with the Land Title Registry. We have reported the information with regards to the ownership, tenure, strata floor area and all encumbrances, if any, in our report. However, we do not interpret nor ascertain the security of the ownership or legal interest in the Property belonging to the Company. In carrying out our valuation, we assumed that the Company owned the asset as at the date of our valuation.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the title documents and floor plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are surveyed. No on-site measurement has been taken.

We have inspected the exterior and interior of the Property where possible, However, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any items of disrepair which we regard as serious, we are not, however, able to give any assurance that the Property is free of rot, infestation or any other structural defect.

Please note this report is for your sole use and for the purpose indicated only and no liability to any third party can be accepted for the whole or any part of the contents of the document. Neither the whole nor any part of this valuation report nor any reference thereto may not be included in any published documents, circular or statement, nor published in any way whatsoever except with the prior written approval of Colliers International Consultancy and Valuation (Singapore) Pte Ltd as to the form and context in which it may appear.

Should you have any queries on the content of this report, please contact Leong Li Xin at +65 6531 8664 (DID), who would be pleased to assist.

Yours faithfully,

For and on behalf of

Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Tan Keng Chiam

B.Sc. (Est. Mgt.) MSISV, MRICS

Licensed Appraiser No. AD041-2004796D

Executive Director & Head

Valuation and Advisory Services I Singapore

1 EXECUTIVE SUMMARY

Property Address	200 Jalan Sultan #01-05 Textile Centre Singapore 199018 (the “Property”)
Description	The Property comprises two strata titled shop units, currently amalgamated into 1 unit, located on the 1st storey of a 25-storey commercial with residential development known as Textile Centre.
Registered Proprietor	CK Chu Holdings Pte. Ltd.
Interest Valued	99 years lease commencing from 2 June 1970
Purpose of Valuation	For a proposed sale by the Group
Valuation Approach	Income Method
Inspection Date	12 July 2024
Valuation Date	31 August 2024
Valuation	Market Value S\$8,800,000/- Singapore Dollars Eight Million And Eight Hundred Thousand

2 INTRODUCTION

2.1 Terms of Engagement

Terms of engagement have been agreed with CK Chu Holdings Pte. Ltd. (the “Client”) on 9 July 2024 to provide the value of the Property (as defined hereinafter), on “As Is” basis and subject to existing tenancy as at 31 August 2024, for the purpose of a proposed sale by the Group.

2.2 The Property

The Property comprises two strata titled shop units, currently amalgamated into 1 unit, located on the 1st storey a 25-storey commercial with residential development known as Textile Centre. The Property is held for investment purposes.

2.3 Valuation Date

The valuation date is 31 August 2024 based upon our inspection of 12 July 2024. Due to possible changes in market forces and circumstances in relation to the Property the report can only be regarded as representing our opinion of the value of the Property as at the valuation date. We assume that the Property is in the same condition on the valuation date as the inspection date.

2.4 Basis of Valuation

Market Value on “as-is” basis and subject to existing tenancy and occupational arrangements.

Our valuation is made on the basis of Market Value, which is defined by the International Valuation Standards (IVS) and SISV Valuation Standards and Practice Guidelines as “the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

2.5 Valuation Standards Adopted

This valuation has been carried out in accordance with the Singapore Institute of Surveyors and Valuers’ Valuation Standards and Practice Guidelines.

Colliers International Consultancy & Valuation (Singapore) Pte Ltd is regulated by the Singapore Institute of Surveyors and Valuers and all necessary investigations, inspections, and other work carried out for the purpose of this valuation have been in accordance with its’ valuation standards. The Singapore Institute of Surveyors and Valuers monitors regulated firms under its Conduct and Disciplinary regulations. Colliers International maintains a complaint handling procedure, a copy of which is available on request.

2.6 Valuer

The valuation has been prepared by Leong Li Xin and reviewed by Tan Keng Chiam.

Tan Keng Chiam is a Licensed Appraiser under the Inland Revenue Authority of Singapore and Member of the Singapore Institute of Surveyors & Valuers. He is suitably qualified to carry out the valuation of this magnitude and nature and has over 30 years’ experience in the real estate industry in Singapore.

Neither the valuer nor Colliers International Consultancy & Valuation (Singapore) Pte Ltd are aware of any pecuniary interest or conflict of interest that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the Property.

2.7 Caveats and Assumptions

This report is subject to and includes our Standard Caveats and Assumptions as set out in the appendices at the end of this report, as well as our agreed terms of our engagement.

Please note the report is for your sole use and for the purpose indicated only and no liability to any third party can be accepted for the whole or any part of the contents of the document. The whole nor any part of the valuation report nor any reference thereto should not be included in any published documents, circular or statement, nor published in any way whatsoever except with the prior written approval of Colliers International Consultancy & Valuation (Singapore) Pte Ltd Limited as to the form and context in which it may appear.

Colliers International Consultancy & Valuation (Singapore) Pte Ltd will at all times keep all information relating to this valuation report confidential and not release it to third parties, without the written consent of the client.

3 INSPECTION AND INVESTIGATIONS

The Property was inspected externally and internally in the main areas within the Property on 12 July 2024 by Leong Li Xin. Leong Li Xin is a member of Singapore Institute of Surveyor and Valuer who has 10 years' experience in the valuation of properties in Singapore.

The valuer has made independent investigations as necessary for carrying out this valuation.

All information used has been verified as far as is reasonable, and has included information and data provided by you, from government departments, in the public domain, and our own internal database.

In the absence of readily available and verifiable information from other sources for valuation purposes, and as agreed, we have relied on the information solely provided by you, title search from Singapore Land Authority (SLA), property tax search from Inland Revenue Authority of Singapore (IRAS) and information from Urban Redevelopment Authority (URA) REALIS and commercialguru for the purposes of valuation. We have assumed all such information provided by you to be true and accurate.

No structural survey or environmental survey of the property has been carried out. Services and facilities have not been tested.

We have not sighted the lease agreements and have assumed that these are current, with good covenants and in line with the general market practice in Singapore.

4 PROPERTY DETAILS

4.1 Property Address

200 Jalan Sultan #01-05 Textile Centre Singapore 199018

4.2 Property Type

The Property comprises two strata titled shop units, currently amalgamated into 1 unit, located on the 1st storey of a 25-storey commercial with residential development known as Textile Centre.

4.3 Strata Floor Area

Unit No.	Strata Floor Area
#01-05	127 sq.m.
#01-05	<u>184 sq.m.</u>
Total	<u><u>311 sq.m.</u></u>

4.4 Year of Completion

Circa 1970s

4.5 Building Condition

The Property appeared to be in a good state of maintenance and repairs based on our visual inspection having regard to its age and existing uses. We have undertaken no structural nor condition surveys. We further advise that unexposed or inaccessible portions of the building have not been inspected and we are therefore unable to state that these are free from rot, infestation or hazardous material. We have also assumed that the building complies with all relevant statutory requirements in respect of health, building and fire safety regulations.

5 TITLE PARTICULARS

5.1 Legal Description

Unit No.	Legal Description Town Subdivision 15
#01-05	Strata Lot U2710K
#01-05	Strata Lot U2721P

5.2 Tenure

99 years lease commencing from 2 June 1970

5.3 Registered Proprietor(s)

CK Chu Holdings Pte. Ltd.

5.4 Encumbrances

- i) The Property is subject to restrictive covenants contained in/referred to Restriction I/69772C lodged on 7 March 1984
- ii) The Property is mortgaged to Hong Leong Finance Limited
- iii) Caveat IJ/548440D was lodged against the Property by 362 Degree Pte. Ltd. on 19 June 2024 for the purchase of the Property at S\$8,800,000/-.

5.5 Other Details

The within registered subsidiary proprietor's share in the common property of the whole land lot(s) Lot 436K Town Subdivision 15 is 977 out of 67,821 shares.

6 TOWN PLANNING

6.1 Master Plan (2019 Edition)

The subject site is zoned for commercial in accordance to the Master Plan Zoning (2019 Edition).

Master Plan

Figure 1.0 Master Plan 2019



Source: Urban Redevelopment Authority

Planning Application : i) Grant of Written Permission was issued on 22 March 2021, vide Urban Redevelopment Authority reference number: ES20210219R0178 for the proposed change of use of unit #01-05A to restaurant at Textile Centre.

ii) Grant of Written Permission was issued on 23 April 2021, vide Urban Redevelopment Authority reference number ES20210423R0227 for the proposed change of use of shop unit #01-05 to restaurant at Textile Centre.

Note : We have not applied for Road and Drainage Interpretation Plans and the Railway Protection Plan for the Property as this is outside our terms of reference. Our Valuation is therefore made on the assumption that the Property is not adversely affected by any approved/proposed road/drainage/railway schemes. It is recommended that the valuation is referred back to us for a review should your solicitors subsequently discover the existence of any such schemes after legal requisitions with the various competent authorities have been completed by them.

7 BUILDING DESCRIPTION

7.1 Location Of Property

Textile Centre is situated at the south-eastern junction of Jalan Sultan and North Bridge Road, approximately 2.5 km from the City Centre at Collyer Quay.

The immediate vicinity is mixed residential and commercial in nature. Prominent developments nearby include Sultan Plaza, City Gate, Hotel Boss, ICA Building, The Concourse, Concourse Skyline, Golden Mile Tower and Hotel Traveltine, amongst many others.

Public transportation facilities are readily available along Jalan Sultan, North Bridge Road, Victoria Street and Beach Road. The Lavender MRT Station and Nicoll Highway MRT Station are located within walking distance from the subject development. Accessibility to other parts of the island is enhanced by Kallang-Paya Lebar Expressway (KPE) and East Coast Parkway (ECP).

Location Map Of The Property

Figure 2.0 Location Map



Source: onemap.sg

7.2 Development Description

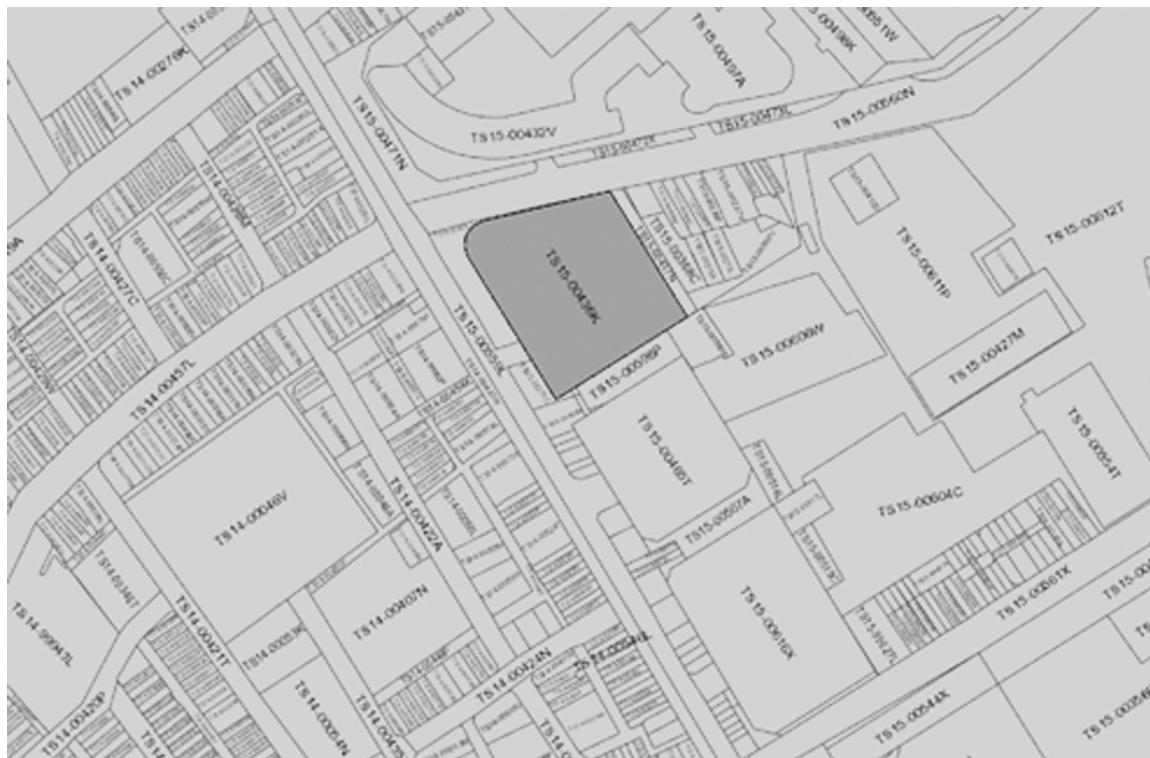
The subject development is a mixed commercial with residential development comprising an 18-storey tower resting on a part 7-storey / part 8-storey podium block. The tower block accommodated office from 8th to 13th storeys with apartments from the 14th to 25th storeys. The podium accommodates shops and car park generally.

Fire protection system provided generally includes fire alarm, hosereel and fire sprinklers systems.

A multi-storey car park accommodating 685 car park lots is also provided within the development.

Site Plan

Figure 3.0 Site Details



Source: onemap.sg

7.3 Construction

The building is constructed of reinforced concrete frames with brick infill walls, reinforced concrete floors, reinforced concrete staircases and reinforced concrete flat roof. Fenestration generally comprises aluminum-framed/timber framed windows.

7.4 Accommodation

Service counters, drink preparation areas, dining areas, private dining areas, kitchen, storage area, toilets and handwashing area.

7.5 Internal Finishes and Fittings

Floors	:	Vinyl timber and homogeneous tile generally
Wall	:	Quartz, homogeneous tile, wallpaper finishes and emulsion paint generally
Ceiling	:	Emulsion paint, emulsion paint with false ceiling with downlights and air conditioners diffusers generally

Built-in features generally include cabinets/shelves to the dining areas/drink preparation areas and television console/shelves/cabinets to the private dining areas. In addition, the main accommodation is generally cooled by cassette-type/split-unit air conditioning systems.

7.6 Building Services

Vertical access within the development is facilitated by escalators, lifts and supplemented with reinforced concrete staircases.

Essential public utilities and tele-communication services are connected.

7.7 Environmental Issues

We have inspected the Property and have seen no evidence of environmental concerns such as contamination or other hazards. However our inspection does not include investigations into this type of issue, and we are not qualified to assess such environmental concerns. Should you wish or require a thorough investigation of such issues, it is recommended to seek the advice of professionals with appropriate expertise. Should subsequent investigations show evidence of contamination or the like, then our valuation may be subject to revision.

8 BUILDING OCCUPANCY DETAILS

We were informed that the Property is currently tenanted at a monthly gross rental of S\$37,163.70/- for a term of two years and eight months with the lease expiring on 30 April 2026.

9 PROPERTY TAX

The aggregate annual value of the Property for the year 2024 is currently assessed at S\$222,800/-. Property tax is payable at 10% per annum of the assessed annual value.

10 MARKETABILITY

We would envisage a likely marketing period in the region of 6 to 9 months would be applicable for the property under the prevailing market conditions assuming the implementation of an active and appropriate marketing plan.

We are unable to predict future market conditions and you should not assume that the marketing period will remain unchanged should market conditions alter.

11 VALUATION APPROACH

We have considered income method to assess the market value of the Property as the Property is an income generating asset. Investor shall purchase such property based on the returns generated from the asset.

This method entails the estimated of the gross rental income less the necessary expenses such as the property tax and service charge to derive a net rental income. This is then capitalised at an appropriate yield rate for the remaining period of the lease to arrive at the current market value.

12 VALUATION ASSUMPTIONS

This valuation has been undertaken assuming the following:-

We have adopted a passing rent of S\$11.10 per square foot on lettable area in determining the potential gross revenue of the Property as the Property enjoys high visibility and we took reference from asking market rents in the vicinity and elsewhere are in the range of S\$7.86 per square foot to S\$12.05 per square foot. In addition, we have adopted maintenance and service charge as S\$0.84 per square foot estimated from the present expenditure, vacancy at 3% reflecting a property with good demand, property tax at 10% derived from IRAS tax rate to arrive at annual net rental. This is capitalised at 3.00% derived from market evidence to arrive at the market value of the Property.

We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated in paragraph 5.4 and paragraph 6.1.

We have assumed the Property can be freely transferred, mortgaged and let in the market without any additional fee.

We have assumed that all Information, estimates and opinions furnished to us and contained in this report have been obtained from sources considered reliable and believed to be true and correct, but we can assume no responsibility for their accuracy.

We have assumed that the Property is free from any environmental problem or hazard.

We are not aware of any easements or rights-of-way affecting the property and our valuation assumes that none exists.

We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all relevant laws, ordinances and statutory requirements except only where otherwise stated.

We have assumed that, for any use of the Property upon which this valuation report is based, any and all required licences, permits, certificates, and authorisations have been obtained, and are capable of renewal without difficulty, except only where otherwise stated.

We have assumed the Property is in a fairly good state of repair, management and maintenance and fit for the use to which it is put, and will continue to be managed and maintained to this standard in the future.

We have assumed that the current tenancy of the Property is of good covenant and will run the full term of their leases at the contracted rental levels.

13 FINAL VALUE CONCLUSION

In arriving at our valuation figure, we have identified and analysed various relevant market rents, outgoings and capitalization rate in the locality which have similar characteristics as the Property.

Having regard to all relevant information, we are of the opinion that the market value of the Property, free from all encumbrances, as at 31 August 2024 is as follows:

Market Value	S\$8,800,000/- (Singapore Dollars Eight Million And Eight Hundred Thousand)
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For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Tan Keng Chiam

B.Sc. (Est. Mgt.) MSISV, MRICS

Licensed Appraiser No. AD041-2004796D

Executive Director & Head

Valuation and Advisory Services

CAVEATS AND ASSUMPTIONS**1. Definitions**

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

- (a) Is by its nature confidential.
- (b) Is designed by Us as confidential.
- (c) You know or ought to know is confidential.
- (d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.

'Parties' means You or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Services' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'The Property' means the assets which are subject of our appointment as your advisor.

'We', 'Us', 'Our', 'Colliers' means Colliers International Limited.

'You', 'Your', 'Client' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'Professional Property Practice Standards' refers to RICS Valuation and Appraisal Handbook, or Singapore Institute of Surveyors & Valuers' Valuation Standards and Practice Guidelines.

2. Performance Of Services

2.1 We have provided the Services in accordance with:

- (a) The Terms and Conditions contained herein; or
- (b) As specifically instructed by You for the purpose of the Services; and
- (c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. Condition Of The Property

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made, unless otherwise stated.

- 3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.
- 3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.
- 3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.
- 3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. Environment And Planning

- 4.1 We have obtained town planning information from the prevailing Master Plan available on URA website. It is your responsibility to check the accuracy of this information under the appropriate planning legislation.
- 4.2 For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.
- 4.3 No requisition on road, MRT, LRT, drainage and other government proposals has been made by us. Such information will not be tendered unless specifically requested for and we be properly reimbursed.
- 4.4 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

5. Floor/Building Areas And Lettable Areas

- 5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.
- 5.2 If you do not provide Us with a survey, We will estimate floor/building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.
- 5.3 Where such a survey is subsequently produced which differs from the areas estimated by us then You will refer the valuation back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

- 6.1 Unless otherwise notified by You, We will assume:
 - (a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.
 - (b) All licences and permits can be renewed and We have not made any enquiries in this regard.
- 6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.
- 6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.
- 6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
- 6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.
- 6.6 Our opinion about the Market Value of the property is free from any influence and/ or point of views of any other parties.

6.7 All Location Plans are obtained from www.streetdirectory.com. Whilst we do make every endeavor to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.

6.8 Values are reported in Singapore currency unless otherwise stated.

7. Estimated Selling Price

7.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:

- (a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.
- (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
- (c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

8. Currency Of Valuation

8.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.

8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.

8.3 Without limiting the generality of 9.1, You should not rely upon Our valuation:

- (a) After the expiry of 3 months from the Currency Date;
- (b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

9. Market Projections

- 9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and based on information currently available to us and not representative of what actual values of the property will be as at future date. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.
- 9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by you.

10. Your Obligations

- 10.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).
- 10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/ they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/ or a copy of these terms and conditions.

10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;

- (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
- (b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.
- (c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.

10.6 If You release any part of the valuation advice or its substance without written consent. You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and replying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.

10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made any consequential or punitive damages.

10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers International.

10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.

11. Confidentiality

11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose stated in our valuation report, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

11.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

12. Privacy

12.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

13. Subcontracting

13.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

14. Limitation Of Colliers Liability

14.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (example being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers international. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the property in question, except by court summons/ judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billing pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.

14.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.

14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to Us by You.

14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error/ offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to held liable for an amount of three times Our contracted fee for the assignment per property.

14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.

14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorized party.

14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.

14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.

15. Entire Agreement

15.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.

15.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.

15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all times unless otherwise stated

16. Anti Bribery And Corruption Measures

16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, “**Consultant**”) has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term “Government Official” in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.

16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial recordkeeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.

PHOTOGRAPHS OF THE PROPERTY

Subject Development



View of the Property



View of the Property**View of Dining Area****View of Dining Area****Private Dining Area****View of the Kitchen****View of the Kitchen**

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and/or short positions in Shares, underlying Shares and debentures of the Company or its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company or their respective associates in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) to be recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “**Model Code**”), were as follows:

Long positions in the Shares and underlying Shares of the Company

Name of Director	Capacity in which interests in Shares are held	Number of Shares held (Note 1)	Approximate percentage of Shares in issue as at the Latest Practicable Date (Note 2)
Mr. Chu Chee Keong (Zhu Zhiqiang) ("Mr. Chu")	Interest in a controlled corporation (Note 3)	600,000,000 (L)	75.00%
Ms. Leow Poh Hoon (Liao Baoyun) ("Ms. Leow")	Interest of spouse (Note 4)	600,000,000 (L)	75.00%

Notes:

1. The letter “L” denotes the person’s long position in the relevant Shares.
2. As at the Latest Practicable Date, the total issued share capital of the Company was 800,000,000 Shares.
3. The entire issued share capital of Strong Oriental Limited (“**Strong Oriental**”) is legally and beneficially owned by Mr. Chu. Accordingly, Mr. Chu is deemed to be interested in 600,000,000 Shares held by Strong Oriental by virtue of the SFO.
4. Ms. Leow is the spouse of Mr. Chu. She is deemed to be interested in all the Shares in which Mr. Chu is interested or deemed to be interested by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) to be recorded in the register maintained by the Company under section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors’ rights to acquire Shares or debentures

Apart from the share option scheme adopted by the Company on 1 February 2019, as at the Latest Practicable Date, none of the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party to any arrangements which enable the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, as at the Latest Practicable Date, none of the Directors or chief executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right.

Substantial Shareholders' and other person' interests and short positions in the Shares and underlying Shares of the Company

As at the Latest Practicable Date, to the best of the Directors' knowledge, the following, not being a Director or the chief executives of the Company, have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity in which interests in the Shares are held	Number of Shares held (Note 1)	Approximate percentage of Shares in issue as at the Latest Practicable Date (Note 2)
Strong Oriental Limited	Beneficial owner	600,000,000 (L)	75.00%
Toh Soon Huat ("Mr. Toh")	Beneficial owner	56,536,000 (L)	7.07%
Lee Kek Choo ("Ms. Lee")	Interest of spouse (Note 3)	56,536,000 (L)	7.07%

Notes:

1. The letter "L" denotes the person's long position in the relevant Shares.
2. As at the Latest Practicable Date, the total issued share capital of the Company was 800,000,000 Shares.
3. Ms. Lee is the spouse of Mr. Toh. She is deemed to be interested in all the Shares in which Mr. Toh is interested or deemed to be interested by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any interests or short positions in the Shares or underlying Shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group nor were there any proposed service agreements which would not expire or be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTOR'S INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS**(a) Interests in assets**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2023 (the date up to which the latest published audited consolidated financial statements of the Group was made), acquired or disposed of by, or lease to any member of the Group, or which were proposed to be acquired or disposed of by, or leased to any member of the Group.

(b) Interests in contracts of significance

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group.

(c) Interests in competing business

As at the Latest Practicable Date, none of the Directors nor their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and, insofar as the Directors were aware, no litigation or claims of material importance was pending or threatened against any member of the Group.

6. MATERIAL CONTRACT

The following material contract, not being contracts entered into in the ordinary course of business of the Group, have been entered into by members of the Group within two years immediately preceding the date of this circular:

- (a) the share sale and purchase agreement dated 10 May 2024 in relation to acquisition of company at a total consideration of S\$9,500,000 (equivalent to approximately HK\$54,805,000);
- (b) the Option Agreement; and
- (c) the option agreement dated 22 August 2024 in relation to disposal of a property at a total consideration of S\$1,995,000 (equivalent to approximately HK\$11,870,000).

7. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinion or advice which is contained in this circular:

Name	Qualifications
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	Independent property valuer

As at the Latest Practicable Date, each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter(s), report(s), opinion and/or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of the experts had any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts had any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company (<http://www.fuchangroup.com/>) for a period of 14 days from the date of this circular:

- (a) the valuation report issued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, the text of which is set out in Appendix II to this circular;
- (b) the written consents referred to in the paragraph headed “7. Experts and Consents” in this appendix;
- (c) the material contracts referred to in the paragraph headed “6. Material Contract” in this appendix;
- (d) the share sale and purchase agreement dated 10 May 2024 in relation to acquisition of company;
- (e) the Option Agreement; and
- (f) this circular.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Man Yun Wah. He is an associate member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.
- (b) The registered office of the Company is 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 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 at Unit 1307A, 13/F, Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar of the Company is Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.