K2 F&B HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2108)

POSITIVE PROFIT ALERT

This announcement is made by K2 F&B Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Company, it is expected that the Group may record an increase in the profit attributable to owners of the Company (the "**Profit**") from approximately S$4.0 million for the year ended 31 December 2018 to not less than S$5.1 million for the year ended 31 December 2019, corresponding to an increase of approximately 27.5%.

Based on information currently available to the Company, the substantial increase in the Profit is primarily attributable to (i) the unrealised gain on fair value changes of approximately S$5.1 million, approximately S$3.1 million or 142.9% increased from approximately S$2.1 million for the year ended 31 December 2018 in respect of the Group's properties, primarily due to recent market transactions and sweeteners offered by the Urban Redevelopment Authority (URA) to Midpoint Orchard, Orchard OG and Faber House owners to spur them to redevelop and rejuvenate Singapore's most famous shopping belt as part of Singapore's plan; and (ii) net decrease in operating expenses of approximately S$1.1 million, including cost of inventory consumed, property rentals and related expenses and depreciation expenses but not limited to these expenses primarily due to decline in line with revenue. Such increase was offset by a decrease in revenue of approximately 7.1%, from approximately S$45.0 million for the year ended 31 December 2018 to approximately S$42.0 million for the year ended 31 December 2019 primarily due to increasing competitive food & beverage market and demand for food delivery services. Furthermore, unsuccessful renewal of lease of a food centre operated by the Group at Block 168 Bedok South Avenue 3 #01–471, Singapore 460168 and five food stalls at various food centre managed by independent third parties, where such premises historically contributed approximately 7.9% to the Group's revenue for the year ended 31 December 2018.

The information contained in this announcement is only based on a preliminary assessment by the Board based on the information currently available to the Company and the draft unaudited consolidated management accounts of the Group for the year ended 31 December 2019, which have not yet been audited or reviewed by the Company's auditors and may be subject to adjustments and impairment assessments.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company and in doubt, to seek independent advice from professional or financial advisers.

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

Singapore, 24 February 2020

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Mr. Chu Chee Keong (Zhu Zhiqiang)
Ms. Leow Poh Hoon (Liao Baoyun)

Non-executive Director:
Ms. Chu Pek Si (Zhu Peishi)

Independent non-executive Directors:
Mr. Wong Loke Tan
Mr. Loh Eu Tse Derek
Mr. Mah Seong Kung