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K2 F&B HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2108)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of K2 F&B Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 21 February 2019 (the “**Prospectus**”) and the interim report of the Company for the six months ended 30 June 2022 published on 23 September 2022 (the “**2022 Interim Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2022 Interim Report.

CHANGE IN USE OF PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of the Stock Exchange on 6 March 2019 for which the Company issued 200,000,000 new shares at HK\$0.75 per offer share on 6 March 2019 (the “**Listing**”), as set out in the announcement of the Company dated 5 March 2019. After deducting related listing expenses, the Net Proceeds were approximately HK\$110.0 million.

As disclosed in the 2022 Interim Report, the Company had utilised approximately HK\$105,433,000 of the net proceeds from the Listing as at 30 June 2022. The amount of Net Proceeds remained unutilised as at 30 June 2022 was approximately HK\$4,567,000. The Board has resolved to change the use of the remaining Net Proceeds as follows:

	Original allocation (HK\$'000)	Utilised Net Proceeds as at 30 June 2022 (HK\$'000)	Unutilised Net Proceeds as at 30 June 2022 (HK\$'000)	Revised allocation (HK\$'000)
1 To partly fund the purchase of food centres				
a. 101 Yishun	34,760	(34,760)	—	—
b. 150 South Bridge Road	5,610	(5,610)	—	—
2 To purchase food centres	35,530	(35,530)	—	—
3 To partially repay outstanding bank borrowings	11,110	(11,110)	—	—
4 To renovate existing food centres	5,610	(5,610)	—	4,567
5 To upgrade IT infrastructure and system	6,270	(1,703)	4,567	—
6 General working capital	11,110	(11,110)	—	—
	<u>110,000</u>	<u>(105,433)</u>	<u>4,567</u>	<u>4,567</u>
Total	<u>110,000</u>	<u>(105,433)</u>	<u>4,567</u>	<u>4,567</u>

The unutilised Net Proceeds are expected to be utilised in the next two years. The completion time of using such proceeds will be determined based on the Company's actual business needs and future business development.

REASONS FOR THE CHANGE IN USE OF PROCEEDS FROM LISTING

In order to improve the efficiency of the use of Net Proceeds, the Company continuously monitors and assesses the use of the Net Proceeds. Over the past few months, various measures that were implemented earlier in response to the COVID-19 Outbreak were further lifted. In the stages of the gradual reopening among the countries, the Board considers that the renovation of existing food centres will enhance the dining experience of our customers and attract more customers. This will increase the revenue of the food centre business and strengthen its core business. The change in use of Net Proceeds will enable the Group to effectively implement the business strategies to respond to the fast-evolving market and trends.

As at 30 June 2022, the Company had utilised approximately HK\$1,703,000 in upgrading information technology infrastructure and system. Upon the above change in the use of the Net Proceeds, depending on the future expansion and growth of the Group, the Group will gradually upgrade its information technology infrastructure and system from time to time with its internal resources derived from its operations instead of the Net Proceeds.

The Board confirms that the core business and revenue structure of the Group remain unchanged. The Board considers the above change in the use of the Net Proceeds is fair and reasonable as this would allow the Company to deploy its financial resources more effectively to enhance the profitability of the Group and is therefore in the interests of the Company and its shareholders as a whole.

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

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

Singapore, 30 September 2022

As at the date of this announcement, the Directors are:

Executive Directors:

Mr. Chu Chee Keong (Zhu Zhiqiang)

Ms. Leow Poh Hoon (Liao Baoyun)

Ms. Chu Pek Si (Zhu Peishi)

Independent non-executive Directors:

Mr. Wong Loke Tan

Mr. Ng Yong Hwee

Mr. Mah Seong Kung