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WELIFE TECHNOLOGY LIMITED

維力生活科技有限公司

(formerly known as Palace Banquet Holdings Limited 首灃控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1703)

SUPPLEMENTAL ANNOUNCEMENT PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Financial adviser

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智略資本

Reference is made to the announcement of Welife Technology Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) dated 10 January 2023 in relation to the proposed issue of convertible bonds (the “**CB Announcement**”) under general mandate of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the CB Announcement.

Upon completion of the CB Subscription, the Company is intended to apply the net proceeds of approximately HK\$43.8 million (the “**CB Proceeds**”) from the CB Subscription (i) to complement and broaden its restaurants business development; and (ii) as general working capital of the Group. The Company would like to provide further information of the breakdown of the uses of the CB Proceeds in this announcement.

RESTAURANTS BUSINESS DEVELOPMENT IN THE PRC

Following the relaxation of the border-related policies between the PRC and Hong Kong, the Group is increasing its focus on the PRC’s restaurants market and has begun the process to identify and evaluate suitable business opportunities that will match its long-term development plan. As at the date of this announcement, the Company has not determined any suitable business opportunities in the PRC.

The Group is intended to use approximately HK\$20 million from the CB Proceeds for the acquisitions of around two sizeable restaurants in the PRC and to use approximately HK\$10 million from the CB Proceeds for the cooperations through forming strategic alliance with restaurant operators to establish, and/or self-operate, around two to three sizeable restaurants in the PRC. The Group is targeting to open and commence operations of the above-mentioned restaurants in the PRC in the third-fourth quarters of 2023.

Restaurants	Operating model	Fund to be used	Expected time
Around 2 restaurants in the PRC	Acquisitions of existing and/or opening new restaurants	HK\$20 million	3rd and 4th quarters of 2023
Around 2 to 3 restaurants in the PRC	Cooperations with third party restaurant operators	HK\$10 million	3rd and 4th quarters of 2023

RESTAURANTS BUSINESS DEVELOPMENT IN HONG KONG

As disclosed in the Company's announcement dated 23 November 2022, the Company has set out its plans and the details of the opening of the eight new restaurants in different areas of Hong Kong (the "**Expansion Plan**"). Part of the CB Proceeds are to be used to complement the opening and commencement of the operations for those restaurants referred in the Expansion Plan.

Following the Expansion Plan, the Group is intended to use approximately HK\$5 million from the CB Proceeds to open and commence operations of new restaurants in Hong Kong that were initially intended to be sourced from the Group's internal funding.

The Group has been evaluating and adjusting to the changes in the restaurants industry in Hong Kong after the relaxation of the relevant dining and social distancing restrictions that were previously in place. Even though that the basic information of the types of restaurants under the Expansion Plan were determined, the Group is still in the progress of carrying out the due diligence procedures and seeking for the required skills and licenses, including but not limited to, the proposed locations, costs, evaluating the background of its potential partner(s) while also identifying/allocating talents, and obtaining the relevant restaurants' licenses. Details of the above business opportunities will be finalized and definite agreements will be entered into shortly after the relevant due diligences' works are carried out and satisfied by the Group. The restaurants initially set to be commenced operations by 31 March 2023 in the Expansion Plan are expected to be slightly delayed. The Directors are now estimating that most of, if not all, the restaurants under the Expansion Plan will commence their operations during the second and third quarters of 2023. Save as disclosed herein, there are no other material changes to those set out in the Expansion Plan.

Restaurants	Operating model	Fund to be used	Expected Time
Chinese restaurant in Hong Kong	Cooperation with third party restaurant operators	HK\$1.5 million	2nd and 3rd quarters of 2023
Chinese restaurant in Hong Kong	Cooperation with third party restaurant operators	HK\$1.5 million	2nd and 3rd quarters of 2023
Swiss restaurant in Hong Kong	Cooperation with third party restaurant operators	HK\$0.8 million	2nd and 3rd quarters of 2023
Japanese restaurant in Hong Kong	Cooperation with third party restaurant operators	HK\$1.2 million	2nd and 3rd quarters of 2023
Chinese restaurant in Hong Kong	Cooperation with third party restaurant operators	HK\$1.2 million <i>(note)</i>	2nd and 3rd quarters of 2023
Chinese restaurant in Hong Kong	Opening a new restaurant in existing restaurant venue	HK\$1.5 million <i>(note)</i>	2nd and 3rd quarters of 2023
Chinese restaurant in Hong Kong	Opening a new restaurant in existing restaurant venue	HK\$1.5 million <i>(note)</i>	by end of the 3rd quarter of 2023
Southeast Asian restaurant in Hong Kong	Opening a new restaurant in existing restaurant venue	HK\$1.5 million <i>(note)</i>	by end of the 3rd quarter of 2023

Note: It is intended that HK\$5 million from the CB Proceeds and internal funding of the Group, (i.e. monthly revenue and profit generated by the Group) will be used for the commencement of these new restaurants.

THE REMAINING CB PROCEEDS

The Group is intended to use approximately HK\$5 million to improve its information technology system such that the Group may apply new technological solutions/applications to enhance the customers' services provided in its restaurants business.

As the operations and staff related costs are expected to increase as a result of the expansion of the Group's restaurants business in the PRC and Hong Kong, the Group is intended to allocate the remaining of the CB Proceeds of approximately HK\$3.8 million to its general working capital to cope with the executions of the opening and commencement of operations of the Group's restaurants throughout 2023.

WARNING

Shareholders and potential investors of the Company should note that completion of the CB Subscription is conditional upon satisfaction of the conditions set out in the paragraph headed "Conditions for the CB Subscription" in the CB Announcement.

Accordingly, the CB Subscription may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

By Order of the Board
Welfare Technology Limited
Hu Zhi Xiong
Chairman

Hong Kong, 31 January 2023

As at the date of this announcement, the non-executive Director is Mr. Hu Zhi Xiong, the executive Directors are Mr. Tam Kar Wai and Mr. Cheng Man Cheong; and the independent non-executive Directors are Mr. Wong Tat Keung, Mr. Wong Wai Ming and Mr. Tang Tsz Tung.