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## **GUOQUAN FOOD (SHANGHAI) CO., LTD.**

### **鍋圈食品(上海)股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2517)**

## **PROPOSED CHANGE IN USE OF PROCEEDS**

Reference is made to (i) the prospectus of the Company dated 20 October 2023 (the “**Prospectus**”) in relation to the future plans and use of proceeds from the global offering (the “**Global Offering**”) of the Company (the “**Use of Proceeds**”); and (ii) the interim results announcement of the Company for the six months ended 30 June 2026 (the “**2026 Interim Results Announcement**”). Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2026 Interim Results Announcement.

The board of directors of the Company (the “**Board**”) hereby announces that at the Board meeting held on 26 August 2026, the Board considered and approved the proposed change in use of proceeds from the Global Offering.

## PROPOSED CHANGE IN USE OF NET PROCEEDS

As disclosed in the Prospectus and the 2026 Interim Results Announcement, after deducting underwriting fees and related expenses, the net proceeds from the Global Offering of H Shares upon the Company's listing on the Stock Exchange amounted to approximately HK\$448.7 million. As at 30 June 2026, approximately HK\$155.4 million of the net proceeds had been utilised, while approximately HK\$293.3 million remained unutilised. The Board has resolved to propose to change the use of net proceeds and the expected timeline for full utilisation is as follows:

| Use of proceeds                                                             | Original percentage of total net proceeds | Net proceeds from the Global Offering<br>(HK\$ million) | Unutilised amount as at 30 June 2026 before the change<br>(HK\$ million) | Reallocation<br>(HK\$ million) | Unutilised amount as at 30 June 2026 after the change<br>(HK\$ million) | Expected timeline for full utilisation of unutilised amount before the change | Expected timeline for full utilisation of unutilised amount after the change |
|-----------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Build, invest in, or acquire factories                                      | 25%                                       | 112.1                                                   | 2.2                                                                      | +173.8                         | 176.0                                                                   | On or before 31 December 2027                                                 | On or before 31 December 2028                                                |
| Upgrade and expand existing production plants and production lines          | 15%                                       | 67.3                                                    | 67.3                                                                     | 0.0                            | 67.3                                                                    | On or before 31 December 2027                                                 | On or before 31 December 2028                                                |
| Open and operate self-operated stores                                       | 40%                                       | 179.5                                                   | 179.5                                                                    | -139.5                         | 40.0                                                                    | On or before 31 December 2027                                                 | On or before 31 December 2028                                                |
| Build product R&D centers as well as upgrade and purchase related equipment | 10%                                       | 44.9                                                    | 44.3                                                                     | -34.3                          | 10.0                                                                    | On or before 31 December 2027                                                 | On or before 31 December 2028                                                |
| As working capital and for general corporate uses                           | 10%                                       | 44.9                                                    | 0.0                                                                      | 0.0                            | 0.0                                                                     | –                                                                             | –                                                                            |
| <b>Total</b>                                                                | <b>100%</b>                               | <b>448.7</b>                                            | <b>293.3</b>                                                             | <b>0.0</b>                     | <b>293.3</b>                                                            | <b>–</b>                                                                      | <b>–</b>                                                                     |

Save as disclosed in the above table, there are no other changes to the intended use of the unutilised net proceeds.

## REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF NET PROCEEDS

The Board has been reviewing the utilisation of the net proceeds from the Global Offering, taking into consideration the Group's business development priorities, actual progress of the relevant projects and the funding requirements. After careful consideration, the Board is of the view that, under the Group's current business plan, it is more necessary to concentrate resources on enhancing its own production capacity and supply chain infrastructure to support its long-term development. Specifically:

- (i) with respect to the building, investment in or acquisition of factories, as the Group continues to improve its proprietary supply chain layout, the funding requirements for related facilities and projects, including factories, core raw material bases and warehousing and logistics systems, have increased. Accordingly, the Company proposes to increase the unutilised net proceeds for this use by approximately HK\$173.8 million from approximately HK\$2.2 million to approximately HK\$176.0 million, so as to further enhance the stability, flexibility and overall operational efficiency of the Group's production and supply chain system;
- (ii) with respect to upgrading and expansion of existing production plants and production lines, in line with the gradual improvement of the Group's factory layout, the Group proposes to further extend the scope of upgrading and expansion to cover all of our existing factories. As such, the unutilised net proceeds for this use will remain at approximately HK\$67.3 million, but will be deployed in stages based on the actual upgrading needs and project progress of each factory;
- (iii) with respect to opening and operation of self-operated stores, the Group will continue to prudently advance the construction of its self-operated store network (including overseas stores). At the same time, taking into account that focusing more management and operational resources on development of the domestic franchise business at this stage is more aligned with the Group's overall business strategy, the Board considers that the pace of expansion of the self-operated store network and the corresponding funding arrangements may be adjusted accordingly. Therefore, the Company proposes to reallocate approximately HK\$139.5 million of the unutilised net proceeds originally allocated for this use to other areas with funding needs; and
- (iv) with respect to building product R&D centers as well as upgrading and purchasing related equipment, the Group proposes to further strengthen joint R&D with suppliers and resource synergy while continuing to enhance its product R&D capabilities. The Board is of the view that this model can enable the Group to leverage external professional capabilities and existing resources, improve R&D efficiency and optimise related cost inputs more effectively. Accordingly, the Company proposes to reallocate approximately HK\$34.3 million of the unutilised net proceeds originally allocated for this use to other areas with funding needs.

Based on the above considerations, the Company proposes to reallocate approximately HK\$139.5 million of the unutilised net proceeds originally allocated to opening and operation of self-operated stores, and approximately HK\$34.3 million of the unutilised net proceeds originally allocated to building product R&D centers as well as upgrading and purchasing related equipment, in an aggregate amount of approximately HK\$173.8 million, to building, investing in, or acquiring factories. The Board considers that the above reallocation does not represent the Group's abandonment of developing its self-operated store network or product R&D, but rather a more targeted deployment of the unutilised net proceeds based on the current business development priorities and the actual funding requirements of various projects, which will help the Group optimise production layout, enhance fund utilisation efficiency and support its long-term business development.

In addition, given that the implementation of factory construction, plant and production line upgrading, self-operated store network development and R&D projects is all subject to alignment with the progress of specific projects, pace of business development and actual funding requirements, the Board resolved to extend the expected timeline for full utilisation of the remaining unutilised net proceeds from 31 December 2027 to 31 December 2028, so as to better align the utilisation of the net proceeds with the actual progress of relevant projects. The Board is of the view that the above changes are conducive to the Group to allocate financial resources on a more flexible and effective manner, with no material adverse impact on the Group's existing business and operations, and are in the interests of the Company and its shareholders (the **"Shareholders"**) as a whole.

## MISCELLANEOUS

Pursuant to the articles of association of the Company and relevant laws and regulations, the proposed change in use of proceeds is subject to approval by the Shareholders at the general meeting of the Company by way of an ordinary resolution. The Board has resolved at the Board meeting held on 26 August 2026 to propose an ordinary resolution at the first extraordinary general meeting of 2026 to be held on 10 September 2026, to consider and approve the proposed change in use of proceeds and to authorise the Board to delegate authority to the management of the Company to handle the relevant matters. The Company will despatch a circular to the Shareholders in due course, which will contain, among other things, details of the resolution relating to the change in use of proceeds, together with a notice of the extraordinary general meeting.

By order of the Board  
**Guoquan Food (Shanghai) Co., Ltd.**  
鍋圈食品(上海)股份有限公司  
**Mr. Yang Mingchao**  
*Chairperson of the Board, Executive Director  
and Chief Executive Officer*

Hong Kong, 26 August 2026

*As at the date of this announcement, the Board of the Company comprises Mr. Yang Mingchao, Mr. Meng Xianjin, Mr. An Haolei, Ms. Luo Na and Ms. Yang Tongyu as executive directors; Mr. Liu Zhengzheng as a non-executive director; Mr. Zeng Xiaosong, Ms. Yu Fang Jing, Mr. Li Jianfeng and Mr. Shi Kangping as independent non-executive directors; and Ms. Zheng Min as an employee director.*