BEST FOOD HOLDING COMPANY LIMITED

百 福 控 股 有 限 公 司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01488)

PROFIT WARNING

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

The Board of Directors (the "**Board**") of the Company would like to inform the shareholders (the "**Shareholders**") and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2018 (the "**Period**"), it is expected to record a significant decrease of approximately more than 50% in the amount of profit attributable to equity holders of the Company for the Period as compared to that for the corresponding period in 2017. The decreases are mainly attributable to:

(i) The Group's handbag business was adversely affected by Sino-US trade frictions, along with the ongoing adjustment, resulting from shifting of production capacity and service staff from mainland China to Myanmar. As such, the contribution of the handbag segment to the Group's overall profit has not yet been noticeable in the first half of 2018;

(ii) Against the backdrop of the overall intensified competition in the industry and the continually weakening of the consumer sentiment in mainland China for the Group's food and beverage business segment, the Group's controlling brands, despite of which, continued to achieve a significant increase in turnover; both the number of stores and turnover for joint-stock brands have noticeably increased. The short-term profit volatility of the Group is mainly attributable to its long-term business growth and its various investment in the following aspects:

    (1) Both the controlling brand and HHG have scale-up investment in background infrastructure construction. In order to prepare for the subsequent operational optimization and further expansion of store-networking, we undertook to increase staff reserve at both management and operational levels, resulting in an increase in staff costs. Meanwhile, the Group has regarded takeaway delivery as one of the strategic sales channels and accordingly increased its

* *For identification purpose only*

investment in this respective sector, through large-scale marketing campaigns to increase its market share at regional level, which, in turn, has affected the Group's overall gross profit in the respective transitional stage;

(2) The Group's major joint-stock brands are undergoing high-speed growth period, and the added intrinsic value has not yet been adequately reflected in the Group's consolidated income statement. Meanwhile, all of the Group's major joint-stock brands have realized significant growth in turnover and profitability at the store level. However, due to certain volume-quantity limitation, the large-scale effect has not yet been achieved, and the respective long-term growth requires a corresponding increase in investment with respect to different stages of growth. Therefore, the joint-stock brands have not yet been able to contribute to the Group's profitability or, even worse, they are attributable for certain losses;

(3) The Group's acquisition of the "New Spicy Way Fish Pot" is still in the process of securing approval from the relevant departments, and as such the brand has not been able to contribute profits to the Group in the first half of 2018;

As the Company is in the process of finalising the consolidated results of the Group for the six months ended 30 June 2018, the information contained in this announcement is only based on the preliminary review of the Company's management accounts which have not been reviewed or audited by either the audit committee or the auditors of the Company. Actual financial results of the Group may be different from what is contained in this announcement. The Company will announce its unaudited interim results for the six months ended 30 June 2018 as soon as practicable in compliance with the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Best Food Holding Company Limited
Zhao John Huan
Chairman

Hong Kong, 15 August 2018

As at the date of this announcement, the Board of the Company comprises 3 executive Directors, namely, Mr. Zhao John Huan, Mr. Wang Xiaolong and Mr. Wang Yuanzheng and 3 independent non-executive Directors, namely, Mr. Leung Kwai Kei, Mr. Heng Victor Ja Wei and Mr. Tsang Hin Man, Terence.