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 Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

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 assessment of the latest available unaudited consolidated management accounts of the Group for the year ended 31 December 2018 (the "**Year**"), it is expected to record a significant decrease of more than 50% in the amount of profit attributable to equity holders of the Company (the "**Expected Decrease**") for the Year as compared to that for the year ended 31 December 2017.

Based on the information available to the Board, the Board considers that the Expected Decrease was mainly attributable to:

(i) the cost incurred in the Group's manufacturing and sales of handbag segment for the relocation of production facility to Myanmar and staff transfer;

(ii) the short-term profit volatility of the Group's food and beverage segment as a result of the overall input for long-term business growth and non-recurring factors:

(1) the resources invested in backstage infrastructure of the controlling brand, "HHG"; and

(2) the acquisition of the controlling brand, "New Spicy Way" was completed in late November, which only contributed one-month of its profit to the Group for the Year, whereas the Group has incurred an enormous sum of intermediary expenses for the acquisition; and

(3) the major joint-stock brands of the Group are undergoing a high-speed growth, while incurring a large amount of inputs during the transitional phase. Despite the fact that most brands have been sustaining a high growth in turnover with a high profitability at the store level, economies of scale has not been achieved due to volume-quantity limitation. Therefore, the major joint-stock brands have not been able to contribute profits to the Group, or even

* *For identification purpose only*

accountable for losses. Meanwhile, although some joint-stock brands have entered into a new round of financing activities, the estimated growth in fair value has not been reflected in the financial report; and

(iii) the non-recurring expenses incurred, which includes the written-off of the preceding year's accrued options against the completion of issuance of the convertible bonds, and the non-recurring interest expenses in relation to the convertible bonds.

As the Company is in the process of finalizing the consolidated results of the Group for the year ended 31 December 2018, the information contained in this announcement is only based on the preliminary assessment of the Company's management accounts which have not been audited by either the audit committee or the auditors of the Company. Detailed financial information of the Group will be disclosed in the audited annual results announcement of the Company for the year ended 31 December 2018, which is expected to be published in late March 2019. Shareholders and potential investors are advised to read the audited annual results announcement of the Group when it is published.

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, 12 March 2019

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.