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 Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors ("**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review of the unaudited management accounts of the Group for the six months ended June 30, 2020 (the "**Period**") and assessment of the latest information currently available to the Board, the Group is expected to record an approximately 50% decrease in the revenue (excluding revenue from discontinued operations) for the Period as compared to the corresponding period in 2019 and a net loss ranging from approximately RMB90 million to approximately RMB 120 million for the Period, as compared to the loss attributable to owners of the Company of approximately RMB20 million for the corresponding period in 2019.

Based on the information available to the Board, the Board considers that the net loss is mainly attributable to, among other things:

(i) The loss of controlling brands ranging from RMB60 million to RMB80 million for the Period compared to the profit of RMB17 million for the corresponding period in 2019 which was mainly attributable to the significant impact on the operations, especially in Beijing where over 75% of the restaurants under the controlling brands are located, since January 2020 caused by the outbreak of the COVID-19 coronavirus (the "**COVID-19**") and the subsequent disease prevention measures as well as restrictions on public places. As disclosed in the voluntary announcement of the Company dated February 5, 2020, the Group voluntarily suspended the operation of some of its restaurants in Mainland China since January 26, 2020 in an effort to contain the spread of the epidemic;

* *For identification purpose only*

(ii) The share of loss of associates ranging from RMB10 million to RMB12 million for the Period, as compared to the share of loss of associates of RMB6 million for the corresponding period in 2019, which was also mainly due to the significant impact of the COVID-19; and

(iii) The interest expenses of convertible bonds issued on 23 November 2018 amounting to approximately RMB18 million for the Period, which is at the same level as the corresponding period in 2019.

The Group has been closely monitoring the development of COVID-19 in China and has kept its contingency measures under review during the Period. As disclosed in the voluntary announcement of the Company dated March 13, 2020, the Group resumed operations of some of the suspended restaurants and as at March 13, 2020, approximately 76% of its 510 restaurants were in operations. As at the date of this announcement, 100% of the restaurants are in operation. The Group has been closely monitoring the market condition and adjusted its business strategies and operations to reduce the impact of COVID-19 to the Group. In terms of boosting sales, as the Company noticed the recent shift of buying patterns of customers from in-store consumption to to-the-door delivery, the Company has been actively promoting the touchless food delivery and take-out options through online platforms such as WeChat mini program. During the Period, the Company still actively opened new restaurants and continued to promote the expansion of its restaurant network. In terms of cost control and cashflow management, the Company has been closely communicating with the landlords to negotiate for rental discounts and negotiating with the raw material suppliers for credit extension to ensure a strong cash position and adequate cash inflows from operations.

While the operating performance of our restaurants is gradually improving since the resumption of operation, considering the uncertainty as to when COVID-19 will become completely under control and the pressure caused by the slowdown in economic activities especially in the restaurant industry, the timing and degree of sustainable recovery of our operation still remain uncertain.

As at the date of this announcement, the Company is in the process of finalising the unaudited consolidated interim results for the Period. The information contained in this announcement is only based on a preliminary assessment of the unaudited consolidated management accounts and other information currently made available to the Board, which have not been audited or reviewed by the Company's auditors or reviewed by the audit committee of the Board. The Group's unaudited consolidated results for the Period are expected to be published in late August 2020.

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

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

Hong Kong, 31 July 2020

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

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