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BEST FOOD HOLDING COMPANY LIMITED **百福控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01488)

VOLUNTARY ANNOUNCEMENT **DISPOSAL OF EQUITY INTEREST IN AN ASSOCIATE**

This is a voluntary announcement made by Best Food Holding Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the purpose of keeping the potential investors and shareholders of the Company informed of the latest business development of the Group.

Reference is made to the announcement (the “**Announcement**”) of the Company dated 19 March 2021 in relation to the capital contribution by Wonderful Dawn Holdings Limited* (奇昕控股有限公司) (“**Wonderful Dawn**”), a wholly-owned subsidiary of the Company, and a fund (“**CGVCAP1**”) with investment contributed by Shenzhen Country Garden Venture Capital Co., Ltd.* (深圳市碧桂園創新投資有限公司) (“**CGVC**”) in Guangzhou Yujian Xiaomian Catering Management Company Limited* (廣州遇見小麵餐飲管理有限公司) (“**Yujian Xiaomian**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

SHARE TRANSFER AND CAPITAL INCREASE AGREEMENT

The Board is pleased to announce that, in less than three months’ time after CGVCAP1’s capital injection, there was another capital injection in Yujian Xiaomian from another fund (“**CGVCAP2**”) with investment contributed by CGVC, and Wonderful Dawn also agreed to dispose part of its equity interests in Yujian Xiaomian to CGVCAP2. At present, the valuation of Yujian Xiaomian has nearly tripled as compared with that as of 2 March 2021.

On 28 June 2021, Yujian Xiaomian, Wonderful Dawn, Mr. GU Dongsheng* (顧東生) (“**Mr. Gu**”), Mr. Gao Defu* (高德福) (“**Mr. Gao**”), CGVCAP1, Yujian Xiaomian’s other existing shareholders and CGVCAP2 entered into a share transfer and capital increase agreement (the “**Share Transfer and Capital Increase Agreement**”) pursuant to which, among other things:

- (i) Wonderful Dawn agreed to dispose, and CGVCAP2 agreed to acquire, certain equity interest of Yujian Xiaomian held by Wonderful Dawn (the “**Disposal**”); and
- (ii) each of CGVCAP2 and Mr. Gao agreed to subscribe for certain equity interest of Yujian Xiaomian.

Pursuant to the Share Transfer and Capital Increase Agreement, CGVCAP2 shall pay the consideration for the Disposal (after deducting PRC taxes withheld and payable on behalf of Wonderful Dawn (if any)) in one lump sum to Wonderful Dawn's designated bank account.

Consideration

The consideration was determined after arm's length negotiations between Wonderful Dawn and CGVCAP2 with reference to, among other things, the pre-money valuation of Yujian Xiaomian and the unaudited net asset value of Yujian Xiaomian as at 31 December 2020.

As at the date of this announcement, the transactions contemplated under the Share Transfer and Capital Increase Agreement have been completed. Upon completion of the transactions under the Share Transfer and Capital Increase Agreement ("**Completion**"), the Group's interest in Yujian Xiaomian has decreased from 19.05% to approximately 17.16%, and Yujian Xiaomian continues to be accounted for as an associate of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Yujian Xiaomian manages chained restaurants focusing on Chongqing noodles with Sichuan and Chongqing flavor. In recent years, Yujian Xiaomian has continued to innovate and diversify its product mix. It strives to provide customers with whole-day consumption scenarios by means of diversified products sold at a highly elastic price range. Both regular chain stores and franchise stores of Yujian Xiaomian are still undergoing rapid development during the pandemic.

The net proceeds from the capital injection will be used for digital development, brand building, store expansion and supply chain upgrade of Yujian Xiaomian.

The Directors consider that the catering industry in the PRC is currently in a growth period with opportunities and Wonderful Dawn may appropriately recover its initial investment costs to replenish its working capital and seek new investment opportunities. Noting the increase in valuation of Yujian Xiaomian mentioned above, the Company agreed to dispose part of its equity interests in Yujian Xiaomian to CGVCAP2 with a view to realise a considerable gain from its investment, which is intended to be applied as general working capital for the Group.

Immediately after Completion, the Group remains as the second largest shareholder who is interested in approximately 17.16% of the equity interest of Yujian Xiaomian, and will continue to be able to exercise significant influence over Yujian Xiaomian by virtue of its power to appoint one out of three directors of Yujian Xiaomian under the articles of association of Yujian Xiaomian.

The Directors are of the view that the terms and conditions of the Share Transfer and Capital Increase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal are less than 5%, the transactions contemplated under the Share Transfer and Capital Increase Agreement do not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the Share Transfer and Capital Increase Agreement, each of CGVCAP2, Yujian Xiaomian and the other shareholders of Yujian Xiaomian were not connected persons of the Company. Accordingly, the transactions contemplated under the Share Transfer and Capital Increase Agreement do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

INFORMATION ON THE GROUP AND THE OTHER PARTIES

The Group

The principal activity of the Company is investment holding. The Group is principally engaged in the operation of chain restaurants.

Wonderful Dawn is a company established in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Yujian Xiaomian

Yujian Xiaomian is a company established under the laws of the PRC with limited liability. It is a flagship Sichuan and Chongqing flavor noodle chain established in Guangzhou in 2014 with Chongqing noodles as its main product. As at the date of this announcement, it is held as to approximately 49.04% by 廣州市創韜投資合夥企業（有限合夥）(which is in turn held as to 66.67% by Mr. Song Qi* (宋奇) and 33.33% by Mr. Su Xuxiang* (蘇旭翔)), 17.16% by the Group, 9.06% by CGVCAP1 and CGVCAP2 collectively, 7.73% by Mr. Gu, and other shareholders each holding interest ranging from 3.01% to 6.50%.

CGVCAP2

CGVCAP2 is a limited partnership established in the PRC and a fund with investment contributed by CGVC. It is principally engaged in private equity investment, investment management, asset management and other activities.

By Order of the Board
Best Food Holding Company Limited
(百福控股有限公司)
Zhao John Huan
Chairman

Hong Kong, 29 July 2021

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. Lo Wei-Ren.

* *For identification purposes only*